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on, 1952

HOUSE OF COMMONS

Sixth Session—Twenty-first Parliament
1952

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STANDING COMMITTEE

ON

RAILWAYS, CANALS AND TELEGRAPH LINES

Chairman: H. B. McCULLOCH, ESQ.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

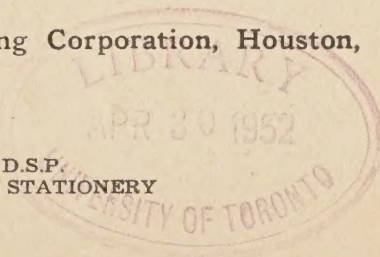
Bill No. 62 (Letter O of the Senate)
An Act to Incorporate Boundary Pipeline Corporation


THURSDAY, APRIL 24, 1952

WITNESS:

Mr. Robert R. Herring of The Fish Engineering Corporation, Houston,
Texas.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1952





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ORDER OF REFERENCE

WEDNESDAY, April 23, 1952.

Ordered,—That the name of Mr. Cauchon be substituted for that of Mr. Gauthier (*Portneuf*) on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

MINUTES OF PROCEEDINGS

THURSDAY, April 24, 1952.

The Standing Committee on Railways, Canals and Telegraph Lines met at 11 o'clock a.m., the Chairman Mr. H. B. McCulloch, presiding.

Members present: Messrs. Applewhaite, Cannon, Carter, Cavers, Conacher, Darroch, Dewar, Follwell, Garland, Gourd, (*Chapleau*), Green, Harkness, Harrison, Healy, Herridge, Hodgson, James, Lafontaine, Macdonald (*Edmonton East*), McCulloch, McGregor, McIvor, Murphy, Nickle, Noseworthy, Pouliot, Robinson, Rooney, Stuart (*Charlotte*), Whitman.

In attendance: Mr. Duncan K. MacTavish, Parliamentary Agent; Mr. Robert R. Herring, representing The Fish Engineering Corporation, Houston, Texas.

The Committee resumed consideration of Bill No. 62 (Letter O of the Senate), "An Act to incorporate Boundary Pipeline Corporation."

Examination of Mr. Herring was continued.

Mr. Herring tabled certain information requested at the last meeting of the Committee, together with telegrams from potential customers of the proposed corporation.

Mr. Cannon moved that sufficient evidence has been obtained for the Committee to decide as to the economic practicability of the pipeline under consideration; and that the question be put on the preamble without further examination of the witness. After discussion and the question having been put on the said motion, it was agreed to on the following division:

Yeas,—Messrs. Applewhaite, Cannon, Carter, Cavers, Conacher, Darroch, Garland, Gourd (*Chapleau*), Harrison, Healy, Lafontaine, Macdonald (*Edmonton East*), McCulloch, McIvor, Stuart (*Charlotte*), Whitman.—16

Nays,—Messrs. Follwell, Green, Herridge, Hodgson, McGregor, Murphy, Nickle, Noseworthy.—8

At 1.03 o'clock p.m. the Committee adjourned until 4 o'clock p.m. this day.

AFTERNOON SITTING

At 4 o'clock p.m., the Committee resumed, the Chairman, Mr. H. B. McCulloch, presiding.

Members present: Messrs. Applewhaite, Cannon, Carter, Cauchon, Cavers, Churchill, Conacher, Darroch, Dewar, Fulton, Garland, Gillis, Green, Harkness, Healy, Herridge, Hodgson, James, Lafontaine, Macdonald (*Edmonton East*), McCulloch, McGregor, McIvor, Murphy, Mutch, Nickle, Riley, Robinson, Whitman.

In attendance: Mr. Duncan K. MacTavish, Parliamentary Agent; Mr. Robert R. Herring, representing The Fish Engineering Corporation, Houston, Texas.

Consideration of Bill No. 62 was resumed.

Mr. Applewhaite moved that the preamble carry.

After discussion, and the question having been put on the said motion, it was agreed to.

Mr. Stuart moved that, for the purpose of levying a charge on the capital stock, which will have no nominal or par value, the Committee recommend that each share be deemed to have a value of 80 cents.

And the question having been put on the said motion, it was agreed to.

Clause 3 was adopted.

Consideration was resumed from April 8, of Mr. McIvor's motion that paragraph (a) of clause 6 be amended by inserting after the word *lines* in line 23 thereof the words: *provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.*

Mr. Nickle moved in amendment that the following words be added thereto: "and that the words *or outside Canada* in line 15, and the words *and/or international* in line 19 thereof, be deleted."

After discussion and the question having been put on the said amendment, it was negatived on the following division:

Yeas,—Messrs. Churchill, Fulton, Green, Herridge, Hodgson, McGregor, Nickle.—7

Nays,—Messrs. Applewhaite, Cannon, Carter, Cavers, Conacher, Garland, James, Lafontaine, McCulloch, McIvor, Mutch, Riley, Robinson, Stuart (*Charlotte*), Whitman.—15

And the question having been put on Mr. McIvor's motion, it was agreed to.

Clause 6, as amended, clause 9 and the title were adopted.

The Bill, as amended, was adopted, and the Chairman ordered to report it to the House.

At 5.10 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,
Clerk of the Committee.

EVIDENCE

APRIL 24, 1952,

11:00 a.m.

THE CHAIRMAN: We have a quorum now, gentlemen; and I think we wish to have Mr. Herring back on the stand for further questioning.

Mr. Robert R. Herring, The Fish Engineering Corporation, Houston, Texas, called:

By Mr. Nickle:

Q. Mr. Herring, you obtained the additional information in regard to the industrial market?—A. Yes.

Q. Before asking you to present that to the committee I think it might be advisable, in rather brief form, if we go through an examination of all the economic aspects of this pipe line. We could do that in a very few minutes, to try to give to this committee the overall picture of your pipe line project as developed so far. In doing that I think perhaps I had better observe that your first submission, your engineering estimate, starts with the cost of gas in Alberta; and then, on page 2 of that submission, you go into an economic study, and to get a figure of 8.5 cents per thousand.

Mr. CANNON: Mr. Chairman, I do not want to interrupt; but I understand, Mr. Nickle, that you are going into the economics of this pipe line?

Mr. NICKLE: Right.

Mr. CANNON: I was not at the meeting here the other day but since then I have had an opportunity of looking up the Pipelines Act and I suggest, Mr. Chairman, that it is not within the function of this committee to look into the economics and into the financial aspect and conduct and further development of this company. That is a matter for the Board of Transport Commissioners; and I would like to refer to this just to refresh your memory on these matters: first, to section 11 of the Pipelines Act which says that no company shall construct an oil or gas line without the permission of the Board of Transport Commissioners; section 34 of the same Act says that no company shall operate a line without the approval of the board; and section 51 gives the board power for authorizing an operating company to extend its services if they think it is in the public interest. In the past pipe line companies have been incorporated here and it has not been the custom to go into all this detail in the committee. I submit, Mr. Chairman, that the matters we are going into now are really matters that should be gone into at a later date when the company has obtained its charter and then it will be in a position to go before the Board of Transport Commissioners and explain its situation and satisfy the board that it should be granted permission to construct a line; and, secondly, to operate a line; and I respectfully submit that at this stage we are going too far; and, if we continue as we have begun we will never finish this bill.

Mr. GREEN: Mr. Chairman, I do not know whether Mr. Cannon was on the committee two years ago, but you were, and you remember that we discussed the applications of two firms, the Alberta Natural Gas Company and the Prairie Transmission Lines—which is associated with, or would be associated with this company for which a charter is now sought. We went into the whole story in great detail as a matter of fact for a good many days, and Mr. Cannon is

quite wrong in suggesting that a parliamentary committee has no power to go into these things and that we must leave that for the Board of Transport Commissioners. If that is correct then this Parliamentary Committee is just a formality and there is no use in our wasting time dealing with these bills. The fact that a charter is granted is of great importance, because there is considerable value in these charters; and if A, B and C can come in here and apply for a charter to build a pipe line, say from Ottawa to North Bay—just to use that as an example—without having any proper plans for the line; and if we are not allowed to go into the facts which will enable us to find out whether that is a sound proposition or not, then we would in effect be aiding and abetting a possible fraud on the public. We have the responsibility to see that there is at least some reason, some good grounds, for granting this charter; and I do not think that the examination so far has gone beyond the bounds of reason at all; and, if we are allowed to go ahead as we have been allowed to do with other applications for pipe line charters then the committee will have a chance to do its work, and whatever decision is made will be based on solid ground. I think this cutting off of examination, as suggested by Mr. Cannon, serves absolutely no purpose and it would make this committee nothing more than a farce.

Mr. NICKLE: Mr. Chairman, in reply to Mr. Green—

Mr. CANNON: If you will allow me, Mr. Nickle: while I agree with Mr. Green I consider that the committee has gone exhaustively into this matter already. I did not say that the committee has not the power to go into matters of this kind. It has those powers. But I do submit, Mr. Chairman, that in this case the committee has gone sufficiently into the matter. I understand that you are suggesting, Mr. Nickle, that we begin again looking entirely into the economics of the thing, that we go over again what we already had the other day. What I am going to suggest we do is what we decided to do the other day. The other day Mr. Herring agreed to prepare certain documents, certain information which you asked for. And now, I suggest that he now produce those documents, that information, and that we get on with the work of the committee.

Mr. NICKLE: Mr. Chairman, may I be permitted briefly to explain that? I started off by saying that I wanted to review very briefly the subject of the economic picture of this company. I do that mainly because the evidence that has gone in so far in the former sittings of the committee is in a somewhat garbled form, in a form which I do not think would be understandable by a majority of the members of the committee. It is my intention, if it is the wish of this committee, to go through the matter now in a very few minutes briefly to cover the economic and engineering aspects of the pipe line, and then to wind up with the new evidence which Mr. Herring was to bring before us today. Is it your intention that the committee should not go into the economics on this pipe line?

Mr. CANNON: I did not say that, Mr. Nickle; I said that you had been into the thing very thoroughly already.

Mr. NICKLE: Well, Mr. Chairman, when somebody comes before this committee to seek the incorporation of a company to build a pipe line I think we should not pass such a bill at least until we have had an opportunity thoroughly to examine it. Would you have the committee pass the bill without examining it, Mr. Cannon?

Mr. CANNON: No.

Mr. NICKLE: Well, what we are trying to do here is to justify the soundness of the economics of this particular proposition.

Mr. CAVERS: Mr. Chairman, if I may be permitted a word; I do not think anyone wants to cut out discussion here.

The CHAIRMAN: I do not think anyone wants to cut out discussion here and I think the honourable member will himself agree that at the last session of the Committee that probably a wider latitude was given than is usual in matters of this kind. After our previous meeting it was ruled that Mr. Herring should have an opportunity of bringing in a certain statement, a report which he was to table. He was to produce that statement, I think that it was Mr. Nickle who at that time said he would like to know whether Mr. Herring could give evidence as to whether it was economically feasible to run a pipe line from Winnipeg eastward to the province of Ontario, or what his views were. If that evidence can be given today, and if a cross-examination can then be confined to that statement, to the statement which is to be put in by Mr. Herring, I think we might very well get along in that manner without anyone being prejudiced.

Mr. GREEN: It is the right in any committee, anywhere, for any member to express his opinion, quite apart from his right to cross-examine witnesses; so I suggest that we get on with the business and if the matter comes up later on we can deal with it.

The CHAIRMAN: I would suggest that Mr. Herring give this information which was asked for the other day. He is here to submit that material and I suggest that we should get along with it.

Mr. NICKLE: Mr. Chairman, I have every desire to close this meeting up as soon as possible.

The CHAIRMAN: Thank you.

The WITNESS: The question that came up in the last session of the committee was with regard to the existence of sufficient industrial markets to justify the economics of this pipe line. I believe you will note the record of that session, Mr. Nickle, stated that a feasible market did not exist, and that if we could supply evidence of that market that most of the questions would be answered by that evidence. Rather than to submit a further statement from our company and possibly become involved in further reference to other companies' surveys I have attempted to secure directly from the industries and from unbiased parties statements as to the consumption requirements in the summer time of these various industries so as to remove from this particular question any question of the ability of the companies to make such an estimate, or as to the veracity of a particular estimate in making the statements which I have made before this committee. In submitting this evidence I have secured several wires which I have here. Here is one from the Dominion Securities Corporation in Winnipeg which we used to question some of the industries; one from Mr. R. A. Grose, assistant deputy minister, Department of Industry and Commerce of the Manitoba government and from the Saskatchewan Power Corporation with regard to the load in that province. There is one error here which I would like to point out. In the wire concerning the loads of the two paper mills in and adjacent to Winnipeg, the statement in the wire is that for the Manitoba Paper Company 80,000 tons of lignite is used per day. That, obviously, refers to the annual consumption. These two industries use large amounts per day; as a matter of fact, they use more in the summer time than they do in the winter time; but that quotation is entirely inaccurate.

Now, the summation of these wires is as follows: the power plant at Swift Current—which has a steam generating station—will require 274,000 cubic feet per day. For the plant at Chaplin, the requirement is 1,905,000 cubic feet per day.

By Mr. Nickle:

Q. What is that?—A. Chaplin, 1,905,000 cubic feet per day. For the power plant at Moose Jaw, 4,800,000 cubic feet per day, and for the refinery, 1,800,000 cubic feet per day.

Q. 4,800,000 and 1,800,000 cubic feet respectively?—A. Yes. In Regina, the power plant will require 6,300,000 cubic feet per day and the refinery will require 1,800,000 cubic feet per day. The wire did not come in for Brandon, but I have sufficient load here to justify the statement which I have made, whether we have the figures on that or not. In Winnipeg, the steam plant which falls off very sharply in the summer time although it may be pretty high in the winter time, is down to 200,000 cubic feet per day in the summer time; for the Canada Cement plant, 6,200,000 cubic feet per day; for the refinery at Winnipeg, 2,400,000 cubic feet per day; for Swift and Canada Packers combined 7,200,000 cubic feet per day; and, for the Building Products Company, 1 million cubic feet per day; for the Burns plant 500,000 cubic feet per day.

Q. Would you be able to furnish us with a copy of that?—A. I would be glad to leave that material with you. We did not secure the volume required for the hydro company steam power plant in the city of Winnipeg, but we did get this wire from them, "the two men that might give us information we want are away today". Their wood requirement runs an estimated 8 million cubic feet per day. However, rather than place before the committee any load that we do not have evidence for today we have here another company which has a firm requirement for 6,800,000 cubic feet per day in the Manitoba Paper Company, whose plant is located at Pine Falls, some 46 miles from Winnipeg; leaving in the case of Pine Falls the load necessary to carry out the economy of this program, and that, in our opinion, is sufficient to round out the evidence which we have to place before your committee; in other words, that is available if it becomes necessary to maintain the economics of this pipe line; and gas can be moved on to them for less than a one cent increase in the overall cost of gas. The total we come to in that list of companies is approximately 42,400,000 cubic feet per day.

Now then, at the request of Mr. Nickle I have made out by years our forecast of this company; and, in giving you this information I would like to emphasize that this pipe line cannot be financed and will not proceed before the Board of Transport Commissioners until all of these loads are under firm contracts. Until this company receives a charter and is allowed to go forth as a going concern; until such time such contracts are impossible for this company to obtain. At such time as we go before the Board of Transport Commissioners these estimates will have become contractual facts. In view of the estimates we have made and on which we have advised our clients with regard to the economics of this pipe line we show the following. In dividing the load requirements to each of the various market centres along the pipe line route we have divided between domestic, commercial and industrial firm and interruptible. On the first item, domestic consumers, along the route of this pipe line, we estimate that they will require 46,400,000 cubic feet. We forecast for commercial consumers in these market centres, 7,460,000 cubic feet.

By Mr. Nickle:

Q. Those are peak loads?—A. Yes, peak days. Industrial firms, 3,740,000; and, as previously stated, there is also available 42,400,000 of interruptible gas from those companies which I have quoted. I can say today that based upon our survey the price of gas will be less than they are now paying for competitive fuel, but that information will be in more concrete form when we are ready to go before the Board of Transport Commissioners. The first two items which I mentioned, the domestic and commercial demand, will enable us to get an operating load peak of approximately 30 per cent. That is the basis for the requirement for interruptible fuel, and that is the basis on which we meet the fluctuating demand. Taking that 30 per cent figure for domestic and commercial consumption, in the first year we arrive, we will

have an average day sale from these two customer classifications a customer demand for 16,200,000 cubic feet per day during the first year of operation. That is firm gas. They will operate at a very high load factor. Then, there will be also industrial firm load of 3,740,000 cubic feet per day; but the interruptible load added to these two items, amounting to 42,110,000 cubic feet per day, gives us a total average day sale during the first year of 62,340,000 cubic feet.

Q. Just a moment now; your interruptible load—you are not going to sell that volume of gas 12 months of the year, are you?—A. No. In order to maintain the load factor which I am forecasting you are bound to have some difficulty in maintaining that load, but it will be lowest during the summer when your domestic and commercial load is at a minimum. That is based on the summer time, low day, demand. On that day we have available through this pipe line 42,400,000 cubic feet of interruptible gas for sale purposes. If we can maintain above that the average day sales in this domestic and commercial customer classification of 16,200,000 cubic feet per day—this represents a definite day which was forecast—we do not think we can quite reach that.

Q. I am not thinking about the peak day demand, I am talking about the whole summer period.—A. I can only give you an example, Mr. Nickle, of what we will experience in the summer time. I do not think we will be able to come up to that amount of 42,400,000 in the first year, it will be in the second year before we earn the full 6·5 per cent. We don't doubt that. There is available to us, based on our survey, an amount of gas above that 42,400,000. What I am trying to do is to show you how it is possible to maintain 85 per cent operating factor on this pipe line with the amount of interruptible gas that we have shown here in this evidence. We are submitting evidence as an engineering firm behind this company. I think that it should be open to question, to explanation. As I see it, the committee desires the evidence which we submitted, they will appreciate that it is based upon the reputation of our company which I think, if you will examine it, is a safe reputation on which to base an opinion, and it has been so recognized by the financial testimony which has been placed before you. Now, this evidence placed before you by our company I think supports the economics of this pipe line.

Now, gentlemen, I would like to give you the second year of operation which greatly improves in operating load factor throughout the 5 year period. The domestic and commercial increases from 46 million to 51 million—the actual figure is 50,900,000 cubic feet per day. The commercial goes up from 7·46 million cubic feet to 8·700 million cubic feet per day, industrial firm. We think our estimate as to the load during the five year period is a conservative one, and one which will be justified by facts in operation, and there will undoubtedly be an increase in the load. We have left our interruptible load at the same figure as what I have already given you in evidence, and in the statement which I will file before the committee. On the same method of figuring we arrive at, in the second year, a total load of 63,830,000 cubic feet per day of average day sale throughout the year. And now, during the summer time, we will drop below that figure. This is our average day here, you see, a load which we can maintain at that level. There may be some days during the summer season when we will be operating below that load factor estimate, but undoubtedly in the winter time there will be days when we will be operating to the full peak capacity of the pipe line; and it is by averaging out the rise and fall of average day demand that they will arrive at this factor of 85 per cent for the pipe line. I would like to emphasize that point. In order to maintain that 85 per cent factor we rise and fall above or below the line, above during the winter time and below during the summer time; that is our average, even though it may not be possible to maintain peak capacity

at all times. Actually, the pipe line can exceed its rated capacity by some 10 per cent, due to the factor of deviation; in other words, it is possible for us to increase the pressure at any time to meet the increased demand, particularly during cold periods. The design of the pipe line is based on a 42,400,000 load per day, at which we think it will average out. On the basis of these figures we submit we can maintain this 85 per cent operating load factor.

Now I would like to put before you very briefly, the details with respect to the fourth and fifth year. Rather than take the time to go into it in detail, I will just summarize it for you very briefly. In the third year we estimate that the average day sale will be 65,770,000 cubic feet per day; in the fourth year, 67,500,000, per day on your average day throughout the year; and in the fifth year, 69,320,000 per day. And now, that is based upon the list which I read to you a moment ago giving this overall volume of gas. As I stated previously, rather than wait for complete estimate figures with respect to the Winnipeg city hydro plant we have given you the estimate of the demand for the Manitoba Paper Company at Pine Falls, which is essentially in like amount, perhaps a little bit greater than what we estimated for on the other. You will notice in this submission that I have worked out some of the conversions here from fuel oil to gas, and reference to that is made in some of the wires, which I will also make available to the committee if they desire them.

Q. Before I start questioning you, I wonder if I could have a copy of the wires which you have there, and your summary?—A. I have but one copy which I have made available to the committee.

Q. Mr. Herring, I think first of all, these wires deal with peak day consumption of fuel; in other words, they do not deal with the year round average?—A. Well, you will notice that most of these peak days refer to summer peaks, and that in the case of the paper mills that peak does occur in the summer time.

Q. Mr. Herring, to go back to some figures that we also have compiled; this is taking the fuel actually consumed during the last years by various large industries—and converting these into natural gas equivalents—we have, for example the meat packing plants in Winnipeg—

Mr. CAVERS: Mr. Chairman, might I just interrupt to ask this question? Have you proof of the statement to which you are now referring? Do you wish to file that with the committee? Can you give us the authority for the material to which you are now referring?

Mr. NICKLE: Yes, I will be glad to. Some of this information I will file and give it to you in detailed form. Some of this information has been compiled by myself from direct questioning of consumers of gas. The bulk of it has been compiled by other pipe line companies who have over the last three years been making their estimates and studies of these particular prairie markets. And some of the information comes from the reports submitted by the Winnipeg Electric Company to the Alberta Conservation Board. I would like to say, for example, that the figures for industrial interruptible loads in the consumer load survey of Boundary Pipe Lines for Winnipeg, are actually greater than the total industrial fuel consumption of all kinds for the whole province of Manitoba in the year 1949—that is, according to the figures submitted by the Winnipeg Electric Company to the Alberta Conservation Board. It is for that reason that I seriously question the accuracy of some of the statements which have been made to the committee.

The WITNESS: May I comment on that?

Mr. NICKLE: Yes, certainly.

The WITNESS: The Winnipeg Electric testimony, as I understand it—I am not familiar with it because I was not present at the time it was given—I understand that it covers the city of Winnipeg itself, and this covers industries in and out of the city of Winnipeg. These industries to which I

have referred you today will, without question, supply the additional volume I have indicated we will need, as has been indicated by the material which I have read to you from these wires. They have indicated the conversion equivalency in gas, and if the committee desire it, I would like to take their figures and work out some of their conversions right here before the committee so that there can be no question as to the authenticity of the information you have before you.

By Mr. Nickle:

Q. Mr. Herring, there is no question of the authenticity of the figures which you have submitted. The question is as to whether the figures are the figures upon which the economics of this pipe line depends, not on its peak day consumption but rather upon the basis of year round total consumption. And now, in some of these figures to which you referred—I will be satisfied to take the Moose Jaw refinery and the figure for the Moose Jaw power plant; the Moose Jaw refinery is using now for its fuel, largely its own oil by-products. Have you any evidence to submit dealing with that particular refinery indicating that they will be willing to change from the use of their own refinery by-products to natural gas? This particular plant also supplies the Moose Jaw power plant with low grade fuel oil. Have you any definite evidence that they would be willing to change over?—A. As I previously stated, I cannot tell you today that we can sign contracts with each one of these industries, but I do know that on an interruptible basis our price of gas will be cheaper than the price, on a present price comparison, that these people are paying. I have discussed it with them, and if I can show, in any of these industries, an amortization of the service of these industries for fuel, I think I can secure those markets. The basis for my making such a positive statement is the experience of other pipe lines in the United States. To give you an idea, let me cite one example, the Transcontinental Pipeline Corporation, which is selling to the Sun Refinery, which is just outside of Philadelphia, its full fuel requirements for that plant, although prior to that time, they were using their own product; but they found they could make more money by selling that product to the public than by utilizing it in their own plant, against the competition of natural gas. But, as I have said, until this pipe line company has its charter and has its gas and can go to these customers and say: this is the proposition, I cannot say that we can get contracts from those people, but I do think that we can.

Q. Considering the fact that these different companies have in the past made rather detailed economic surveys of the eastern prairie markets and the fact that all three of them have come up with the same conclusion, namely, that the markets of Saskatchewan and Manitoba were not of themselves adequate to support a natural gas pipe line, and the fact that those companies approached the same industrial consumers that you approached, why is it that all three have come up with an entirely different answer to yourself?—A. Not being familiar with the nature of their survey, I cannot answer that question positively; but the way we go about making a survey is to establish the economics of the pipe line, the load required, and whether or not it can meet the competition of the fuels available today.

Q. You say that you establish the economics of the pipe line. I cannot see that you have gone and actually established the potential markets which might be open to you industrially. You have a wire from a girl in a securities office in Winnipeg saying that one particular company has a summer load of 35,000 gallons of fuel oil per day. Do you know that that particular market is open to the use of this gas, or do you know that the figures which this girl has given you are correct?—A. With respect to both Toronto and Winnipeg—in

Winnipeg we have a statement from the Secretary of the Dominion Securities Corporation which is in line with the estimate we previously made, that is, for 35,000 gallons of fuel oil per day during the summer peak sales season. The steam plant operates at its peak operating load during the summer months.

Q. And could you give me the natural gas equivalent of the total expected fuel consumption?—A. I did not request that particular information and I have not got it available. I have their peak day requirements in the summer time; that is what I asked for, and which I thought would answer your question. That figure is 6,200,000 cubic feet per day.

Q. Now we have a sugar refinery listed, with one half million cubic feet per day. Can you tell me how many months in the year, or during what months that refinery operates?—A. I think it is the Burns plant.

Q. No. I am talking about a sugar refinery.—A. I do not believe we listed a sugar refinery.

Q. Well, you have a refinery listed here for one half a million cubic feet per day at Winnipeg. Is that not a sugar refinery?—A. No. It is the Burns plant.

Q. And not a sugar refinery?—A. The refinery is for 2,400,000.

Q. And which refinery is that?—A. That is the Imperial Oil refinery.

Q. Are you saying that you can maintain that market?—A. I cannot be sure of maintaining any of these markets until the proposition is laid before those companies, but I think we can.

Q. Can you tell us to what extent an oil refinery can take fuel?—A. If we can supply them with gas at a cheaper price, then we can secure that market.

Q. In other words then, the market must be classified as a doubtful one?—A. I would not say so. I think we can obtain that market.

Mr. CANNON: Is it not just a business proposition? If they can secure the gas at a cheaper price than other fuel, is it not logical to assume that they can get the market?

Mr. NICKLE: But that does not always hold, Mr. Cannon. The oil industry itself also generates its own fuel. There is a very good reason for it making use of its own fuel rather than of some other fuel; and, in an oil refinery, the logical fuel to use would be the fuel oil residue which may be left over from the processing of light oils, and also the refinery gases which are generated. I do not think it is fair to say that the total consumption of all types would automatically be converted to natural gas, because what would be done with the fuel which is now being generated at that refinery?

Mr. CANNON: The witness has given us an example of the American refining plant which was using natural gas.

The WITNESS: Yes, the Sun Refinery Company, and I might also mention the Standard Refineries in New Jersey.

By Mr. Nickle:

Q. But your figures, I presume, represent the total fuel consumption of all types by that refinery?—A. Let us say, altogether 50 per cent, that it is 50 per cent inaccurate in the three refineries; even at that, on that basis, I do not think that would affect this pipe line rate figure more than by approximately 2 per cent.

Q. No? I think it would effect it by more than that. However, coming now to your meat packing plant, you say that the Burns plant would use one half a million cubic feet; and that Swifts and Canada Packers would use 7.2 million. Are those summer peak loads, or what are they?—A. This is the information which I requested, but I am not sure that they specified that in their wire.

Q. That is, for the five summer months?—A. Yes.

Q. Did you obtain the total fuel consumption of all types of those three packing plants on an annual basis?—A. I did not.

Q. Then I think these figures would show a somewhat different picture as to the total estimate, when you come to calculate your average annual demand.—A. I am not concerned about the load during the winter time.

Q. You are quite satisfied that these plants would be satisfied to use the gas during the summer months and then to go back to other kinds of fuel?

—A. I won't be satisfied until we get the gas running, and can secure the contracts for these markets, which I think we can get.

Q. With respect to the Winnipeg consumer market, what did you say the total volume would be?—A. I believe it is 200,000 in the Winnipeg market.

Q. In the summer?—A. Yes. The information received in the wire was the total fuel bill for the coal which they consume. I understand it would be 5,000 for the three summer months; yet their total annual fuel bill is 300,000.

Q. Yes, that very plant used last year the natural gas equivalent of 1,540,000 cubic feet. Obviously its greatest demand was during the winter period when your domestic demand would also be higher.—A. Yes, it would certainly be very much higher.

Q. But you would not be able to show that on a seasonal basis?—A. Except for the 200,000 odd which they forecast.

Q. And they would use coal in the winter?—A. Yes, or oil, whichever becomes the cheaper.

Q. I shall file this report with the committee; it is a summary of the Winnipeg area only and it covers Winnipeg, Transcona, and Selkirk. It shows the natural gas equivalent of fuel consumed by all large industries in the Winnipeg area for the last year, with consumer needs. I am not concerned with the type of operation. But, for example, there are some of those plants such as the sugar refinery which operates only in the late fall, and it could be that you would not have gas available because you are reaching your peak.—A. It averages 7 million a day.

Q. This was the total natural gas equivalent of all fuels, industrial consumption?

Mr. WHITMAN: Whose report was that?

Mr. NICKLE: It was prepared by myself in association with Stone and Webster Engineering Association.

Mr. WHITMAN: And does it take in the same areas you are referring to?

Mr. NICKLE: Yes.

Mr. WHITMAN: But does it refer to the same area that he referred to?

Mr. NICKLE: Yes.

Mr. WHITMAN: Was that report prepared by one of those companies which you say had applied for a pipe line, and then it was thrown out because it was uneconomical?

Mr. NICKLE: That is correct.

Mr. WHITMAN: Then I object to that report going in, Mr. Chairman, unless it contains some information which is in conflict with the evidence put in by the present witness.

By Mr. Nickle:

Q. I have given you the natural gas equivalent of all fuels consumed in the greater Winnipeg area; and the total of those fuels is 8·536 billion feet; and the total for the industrial interruptible load is 10·95 billion cubic feet. In other words, Mr. Herring has given us a figure of 3½ billion cubic feet greater for an interruptible load, that is greater than the annual gas equivalent for all fuel consumption by the industries in the greater Winnipeg area.—A. These figures which we have are based on the actual industries listed or mentioned. There must be some explanation, but I would not try myself to explain it.

Mr. McIVOR: Mr. Chairman, I was just wondering if this company has the wish to show that they are able to get a return for the money, or is it the object of this questioning that we protect this company from investing its money, so as to keep the company safe?

By Mr. Nickle:

Q. We have no figures from Mr. Herring relative to the interruptible industrial load at Brandon.—A. As I have explained, the wire which I had been expecting did not come in from Brandon. I sent one of my people there from Regina, and I think there is sufficient load there to support the economics of this pipe line.

Q. You put it at 1 billion, and 95 million.—A. I would like to explain that it is not absolutely necessary on this transmission line to have an exact interruptible load at the point of sale. We have several interruptible loads available, as shown in that report, which would justify the economics without Brandon, without the Brandon market, and moreover I think I justified the question raised at the last meeting, in my opinion, by these figures or the evidence which was presented.

Q. Well, I seriously question that. That is not by any means a statement of adequate proof; that the industrial interruptible load is anywhere equivalent to that which is detailed in your consumer load survey, or that it actually exists.—A. As previously stated, we cannot prove the basis of our estimate until such time as we have completed the installation and have confirmed it by the contracts. We submit them only as evidence, and we would not be put in a position before this committee that we can definitely acquire every one of those markets, although I personally think we can. But I would not be put in a position of stating that we can.

Q. Well then, Mr. Herring, you would hardly be in a position to go ahead and build a pipe line which would be recognized as economical and sound engineering-wise as well unless you had made at least a reasonably detailed survey, from an engineering as well as an economic point of view. Now you say you have not done that.

Mr. WHITMAN: I think that is an unfair assumption to take from this witness.

Mr. CANNON: I think we should have it on the record that I object to Mr. Nickle putting in the witness' mouth statements that he did not make.

Mr. NICKLE: All right then, I withdraw that statement, Mr. Chairman.

Mr. HODGSON: I think we should come here with open minds to discuss this situation.

Mr. NICKLE: Mr. Herring's responsibility is to establish the figures which he has put to us concerning the consumer load survey given to us earlier this week, and I question whether his statement in this summary does that.

Mr. CANNON: Is it fair to say, Mr. Nickle, that you are presenting another set of figures coming from competitive companies who wish to prevent this company from getting a charter so that it won't compete with them?

Mr. NICKLE: Please let me explain.

Mr. CANNON: Then I move that the committee decide that there is enough evidence now on the economics of this matter and that we go ahead and adopt the preamble.

Mr. NICKLE: Before we do that, Mr. Chairman, I would like to ask a few questions relative to the costs which have been given by Mr. Herring in his evidence to this committee, which should now be substantiated and revised with respect to the figures given about the consumer load.

Mr. CANNON: Just a minute, Mr. Chairman. I have made a motion. And for the record I have no objection to Mr. Nickle cross-examining Mr. Herring on these figures which he gave us; but I thought Mr. Nickle had finished his cross-examination. However, if he has not finished, I shall withdraw my motion for the time being.

By Mr. Nickle:

Q. Now, Mr. Herring, that we have got some figures, be they right or wrong, which purport to show the interruptible load on this pipe line, I mean the interruptible industrial load, we now come to the question of determining whether or not gas can be shipped over that pipe line and sold to all the consumers of that type, in competition with other fuels. Mr. Herring gave some evidence at the first hearing in which he gave a figure of 25 cents a thousand cubic feet in Saskatchewan, and 30 cents a thousand in Manitoba.—A. That is correct. The report which we have made forecasts an 85 per cent operating load, which would authenticate the requirement of an over-all sale price of 27.93 cents. The two figures quoted, on which the basis was made, rest upon an analysis made in those two provinces.

Q. Yes. We have 25 cents for Saskatchewan and 30 cents for Manitoba. Would you mind giving me again the price per MCF at which you expect to sell to your interruptible load industrial customers?—A. I believe I previously stated that the normal operating procedure has not been worked out. Of course, the normal operating procedure for a pipe line is to sell at the wholesale price at the city gates of these cities, having regard to the basis of the demand for the commodity.

Q. Have you that figure?—A. I believe I explained the commodity total on demand; and in doing that the responsibility for maintaining the load figure rests upon the utility buying the gas. We have established in that report the availability of sufficient reserves to maintain a high degree of load. The procedure being followed in New York City is to share the excess industrial load at one point of the city with the point of the city which requires it, with a slight premium being paid to the particular utility concerned, which has the responsibility for that price, which you have requested, and it lies in the hands of the utility itself. The price established is made as high as possible to compete with other fuels in order to maintain the lowest price to the utility which distributes it to the domestic and industrial consumer. The estimate which I made previously was 22 to 23 cents for Saskatchewan, and that would be necessary to compete with competitive fuels at that point. As for Winnipeg 28 cents would be necessary at that point. But I have advised that during the initial years of this pipe line when economics of it depend so greatly upon industrial users, their survey of costs would point to the fact that the gas supplied to those industries need not be interruptible in its entirety. I think that the contract for fuel should be a firm one for approximately a three year period when it would become completely interruptible at the end of that period and in doing that the company that we are competing with will, or rather the company we are selling to, will get their entire supply.

Throughout the first three years it will be on this firm basis, and they can pay a higher price than the one I have quoted. At the end of that period, they will be entirely interruptible and can maintain supplies by fuel oil, paying a less price than the utilities will have, to supply that gas back into the system. But we cannot work out the details of it until we get a case of an exact contract with these utilities.

Q. Your 27.93 figure as your average selling price, on an 85 per cent load figure, and your 25-30 cent figure for Saskatchewan and Manitoba represent only the selling prices with which the pipe line would be directly concerned.

Those who take on the gas would be concerned with selling it at a profit, if they can?—A. Yes sir. Some companies have worked out a joint arrangement between the utility companies to spread out the semi-interruptible load during the initial years. We would have a surplus at Chaplin and at Moose Jaw which might be possible to replace some gas, so as to make it possible for some of the utilities to ship. But the pipe line will be selling at a wholesale rate to them, and they will maintain that load factor for the pipe line.

Q. Now, Mr. Herring, your whole case hinges on its very large industrial interruptible load, isn't that correct?—A. I said that the last time.

Q. Right, the figures you have given us in the statement you have made of interruptible industrial load are, as I said before, far larger than any other figures submitted by anyone else.

Mr. CONACHER: Are we dealing with some of the outlying industries around the city of Winnipeg?

The WITNESS: That difference is based on additional load which we are informed will be available to us from other industries, and which we believe will be necessary to maintain our peak load. I think the market survey to which Mr. Nickle refers did not include those plants. Is that right Mr. Nickle?

Mr. NICKLE: I can give you the figures on which this is based. You see, these figures were drawn up in the course of economic and engineering surveys long before Boundary pipe lines was ever thought of.

Mr. CANNON: How long ago were they prepared?

Mr. NICKLE: In answer to that point they were not drawn up to combat the Boundary Pipe Line people, they were drawn up for submission to the Alberta Conservation Board to support the case for a larger scale export beyond the prairie provinces in one case into eastern Canada and in the other case to the mid-west United States.

Mr. CANNON: How long ago were those figures prepared—that might be the answer.

Mr. NICKLE: This figure was submitted in 1951.

Mr. CANNON: Which figure?

Mr. NICKLE: This is a presentation prepared by Stone and Webster Engineering Corporation on behalf of Western Pipelines for submission to the Alberta Petroleum and Natural Gas Board.

Mr. WHITMAN: Mr. Chairman, I do not see that we are interested in any way in those figures, they are not figures which have to do with this bill. I do not think they should be allowed to be presented at this time. We have had information presented by the witness and I think we should confine ourselves entirely to figures in which we are interested.

Mr. NICKLE: These are the figures supporting my contention—they are prepared by responsible men—there are very reasonable grounds for doubting that the figures given by Boundary Transmission are correct; and, for that reason, I feel that the alternative picture should go on the record.

The WITNESS: I would like to make one additional comment on that, Mr. Nickle; I am not quoting the corporation or my own people in any of this; these wires have been received from these industries and they form the basis of the evidence we have given you.

Mr. CANNON: Mr. Chairman, we have on the one hand the evidence that was given by Mr. Herring at the request of the committee, supported by telegrams, and we have the evidence on Mr. Herring's statement that the information in the telegrams was obtained from responsible persons; on the other hand, we have no evidence except the statement of a member of the

committee here—he is certainly entitled to express views, or to express his opinion as a member of the committee—the only evidence we have is the evidence submitted by Mr. Herring. I move at this stage that the committee has obtained sufficient evidence to decide on the economic practicability of the pipe line under consideration and that the question be now put on the preamble, without further examination of witnesses.

Mr. WHITMAN: Mr. Chairman, I would second that motion.

The CHAIRMAN: You have heard the motion put by Mr. Cannon and seconded by Mr. Whitman: all those in favour?

Mr. GREEN: Mr. Chairman, before the motion is put, I am somewhat at a loss to understand why—

Mr. CANNON: Are there any other witnesses?

Mr. GREEN: —I am somewhat at a loss to understand why Mr. Cannon should make a motion of that type which in effect stops any further cross-examination. Surely, we are here as reasonable men trying to get this story before the committee. It may be that it is taking longer than some of the members think it should but we will have another hour of sitting this morning. It is most unusual in my experience for a member on a particular bill to get up and move that the discussion be shut off. Now, this is not a party matter. It does not involve any question of policy. Surely, the committee members are in favour of getting full information. It seems very strange that we should have someone rushing in to protect that particular charter.

Mr. CANNON: I am not protecting it.

Mr. GREEN: In effect that is what it is, by preventing any further cross-examination. I urge upon the members of this committee to consider very carefully before they support a motion of this kind which if passed will have the effect of cutting off any further discussion, any further cross-examination of this witness.

Mr. WHITMAN: May I answer that?

Mr. GREEN: Certainly.

Mr. WHITMAN: At the last session of this committee, Mr. Chairman, we had a lot of irrelevant discussion carried on, and after we had finished, certain information was asked to be produced by the witness at the call of the chair; that evidence has been brought here today. Now we have Mr. Nickle coming forward with some information. The witness has gone to some trouble to get this evidence for us. Now, if we are going to carry on in this way, we can stay here all of the rest of this day and the rest of next week and get nowhere, merely to satisfy someone who apparently is not in favour of the passage of this bill. For that reason I think, with the evidence we have, that this is the proper time to pass on to the bill.

Mr. CANNON: Mr. Chairman, may I say a word on that, also? The other day Mr. Herring was heard at great length. Some of the members at that time—Mr. Mutch if I remember correctly—considered that a lot of the evidence was irrelevant, that we were getting too far afield; nevertheless, we did hear the evidence given here the other day, and I was there, and I remember Mr. Nickle saying that if Mr. Herring produced the figures, the documents he asked for, as to the feasibility of the market, he would be satisfied. Well, Mr. Chairman, Mr. Herring has produced those figures here this morning and Mr. Nickle has continued his cross-examination on them. The only reason I make the motion I have made is that I understand there is no other witness to be heard. Have you any other witness to be heard? I know of no other witnesses. I submit this witness has been sufficiently cross-examined and that any further cross-examination would be just a repetition of facts which have already been

brought before the committee and a waste of the time of the committee. I object very strongly to Mr. Green's declaration that I am trying to cut off discussion or that I am trying to protect anyone. I am not trying to protect anyone, and I have no interest in the thing either; but, just as a member of the committee, in view of the fact that the evidence presented to us has been very complete, I think that we have now reached the time when it is proper for the chairman to put the question on the preamble of the bill, and that is the reason I made the motion that has been made.

Mr. GREEN: It is always the right of Mr. Nickle or any of the members of the committee to cross-examine a witness.

The CHAIRMAN: But Mr. Nickle in his opening statement said that he was only going to be a short time in putting his questions.

Mr. NICKLE: Mr. Chairman, may I reply to that? I sincerely stated at the last meeting that I wanted to get from Mr. Herring a detailed statement as to the industrial interruptible load market. I specified that I wanted to know the annual consumption of each industrial consumer in that market, and I wanted to know the summer time and the winter time peak; in other words, a fairly complete review of the year 'round current market on a month to month basis. That is important in this case because only through certain periods of the year will this pipe line have gas that it can supply on an interruptible basis. And now, these telegrams do not give that information. We have a few statements stating that the peak summer load is so much; we have no information whatsoever as to the annual consumption.

Mr. STUART: Mr. Chairman, might I ask Mr. Nickle a question? I realize that I know very little about pipe lines in western Canada but I would like to have this information: should this charter be granted and this pipe line be built? If, after it was completed, it was found that they did not have sufficient demand to warrant the building of the pipe line—in other words, it would not pay—would it in any way do any harm to the province of Alberta, the province of Saskatchewan and the province of Manitoba? Who would be the loser in this instance? I would like to have an answer to that.

Mr. NICKLE: I would be glad to answer that.

Mr. CANNON: It would be the people who put up the money.

Mr. NICKLE: My basic concern is: first of all, to get the maximum possible economic market for Alberta natural gas; and, secondly, to get natural gas to the greatest number of Canadians as quickly as possible. Now, Mr. Chairman, may I point this out; we already have two companies incorporated covering the two major export routes eastward from Alberta: one of those is Western Pipelines, which wants to go to Winnipeg then southward; and the other one is Trans-Canada, who have as their object the transmission of gas into Ontario and Quebec. Both of these projects are large scale pipe lines with very large carrying capacity for natural gas. On the one hand they would supply a large market for Alberta gas, and on the other hand they would supply a large volume of gas to outside consumers.

Mr. STUART: May I ask one more question?

Mr. NICKLE: You might let me finish, please.

Mr. STUART: I just want to ask this question just at this point. Do you think that you will be able to provide cheaper fuel for these people if you have one pipe line, a monopoly? Do you think that would be better?

Mr. NICKLE: In other words, you are implying that I am protecting the big fellows?

Mr. STUART: That is the impression I got here.

Mr. NICKLE: I have no object in protecting any monopoly. I call to your attention that our major transmission systems, carrying oil and gas, are in

essence monopolies. However, they are controlled by the provincial authorities, in the first instance, and by the Board of Transport Commissioners as well.

Mr. STUART: Mr. Chairman, on a point of privilege, I asked a question, I want to get your opinion on the transmission of gas from Alberta. You are from Alberta and you know a great deal about this subject, you have studied it; now, I would really like an answer to my question.

Mr. NICKLE: Just allow me to finish. A small pipe line running from Alberta to Winnipeg is, in my opinion not economic—

Mr. STUART: No, that is not my question; my question was, would it hurt the prairie provinces.

Mr. NICKLE: It would not pay out.

Mr. STUART: Pay, who?

Mr. NICKLE: —Unless the line were extended further east; in other words, allowing the pipe lines to go further into other large markets. This line proposes to sell gas to consumers in Saskatchewan and Manitoba who may be better served by gas delivered through the major transmission lines.

Mr. MURPHY: In the submission made by Mr. Nickle it would appear, from the standpoint of Ontario and Quebec, that a small line, such as the one now proposed running to Winnipeg, would not be adequate to serve natural gas, to carry natural gas down to the eastern provinces.

Mr. STUART: Then I can take your statement, Mr. Nickle, as meaning that this pipe line now being proposed in this bill, if it does not prove to be a paying proposition, would not in any way harm the provinces of Saskatchewan, Manitoba or Alberta; it would only do harm to the provinces of Ontario and Quebec.

Mr. NICKLE: Also to Saskatchewan and Manitoba.

Mr. STUART: In what way?

Mr. NICKLE: Well, these large major pipe lines with a capacity of 350 million cubic feet of gas or more can deliver gas to any point on the prairies at lower cost than a 16 inch diameter pipe line could deliver to the same point.

Mr. STUART: What you mean then is that these large pipe line companies should have complete control of the gas moving east from Alberta.

Mr. NICKLE: With the amount of natural gas available one company would be able to handle it, and from the standpoint of the market in the prairie provinces, that can only support one pipe line. At the start, only one company should build that pipe line, and only after a market beyond the prairie provinces is big enough to support it should a second pipe line be built. After that first pipe line is developed serving the prairie market then we will have to look for bigger markets for Alberta gas somewhere else; then, if there is sufficient gas for it, a line could be built to eastern Canada, after the market in the prairie provinces has been taken care of.

Mr. APPLEWHAITE: Mr. Chairman, might I put one question? If this proposed company is economically sound then I think we should have figures produced in the form of surveys that would provide us with the facts, and if that were done it would meet a lot of the objections raised by Mr. Nickle and others. At the same time it is apparent that if this company goes ahead and builds its line that might delay the construction of a larger carrier; therefore, is it only fair to say that this company should establish its economic soundness; and, if it does that, I for one would support it.

Mr. NICKLE: This company has not established its economic soundness, in my opinion. But so far as I am concerned, it does not matter whether it is a Boundary or any other pipe line company. I have no interest in any of them. What I am concerned with is the scale of the pipe line operation. In my opinion one of these large diameter pipe lines could better supply the major

markets for Alberta gas and oil. There is a far greater percentage of people in Canada who would be supplied directly by a large pipe line, or be supplied through the exchange with the United States of a guaranteed quantity of natural gas. For that reason I would be opposed to any pipe line on a limited scale which would delay the construction of a large scale line.

Mr. STUART: Again, Mr. Chairman, I have another question I would like to ask, this time of the witness; which do you figure is best, a large pipe line or a small pipe line?

The WITNESS: I think the evidence the committee should have is that which has been placed before the Alberta board. One point of that evidence was the estimates of the larger pipe lines which have been referred to and which were in excess of the average M.C.F. price. That had all the pertinent evidence with regard to the economic construction of the pipe line, and the price indicated was higher than that represented by the figures which we have submitted to this committee. Furthermore, we have waited for some four years for Alberta to begin the export of natural gas from southern Alberta; and, as has been referred to in evidence here, the decision of the Alberta board means that we will not have any gas for export from that field for some time to come. They still see fit to retain that gas inside the province. In our opinion—this is an opinion of mine, Mr. Nickle—we would severely penalize Saskatchewan and Alberta by asking them to wait for the development of the amount of gas that it will take to go further into Winnipeg. Furthermore, when this volume would be in excess of the proven reserves in Alberta they will allow the gas to go to Winnipeg. Then, if gas is discovered in Alberta sufficient to serve other markets this pipe line will take it; and, in my opinion, this pipe line will be able to do that at a price competitive to other fuels, and to better advantage than the other pipe lines to which reference has been made. That is my considered opinion.

Mr. POULIOT: Mr. Chairman, I would like to have Mr. Nickle's view on this point. He has said that he is in favour of larger markets for the oil and gas of Alberta. Is that right?

Mr. NICKLE: Yes.

Mr. POULIOT: What I cannot understand is why he objects to another pipe line, because the more pipe lines the easier to serve wider markets. How can anyone expect that the deliveries will be as large with two pipe lines as they would be with three or four. Then, gentlemen, the province of Alberta will not suffer at all through the construction of another line. The more lines we have the greater the opportunity for them, and the greater the opportunity we have to get oil and gas; and there should be no thought of monopoly about it. I cannot accept that argument. I share Mr. Nickle's view that there should be a wide market for all the gas of Alberta, Saskatchewan and Manitoba; and if we discover some in Quebec, all the better, and we can serve all of Canada. I cannot see the logic of opposing the building of another line which would serve the people of Canada.

Mr. NOSEWORTHY: Mr. Chairman, there is something I wanted to find out during the years that I have been on this committee and it is this. Every witness of these private companies who has been examined before this committee in previous years has admitted that by the very economics of the situation there will eventually be built one pipe line west and one pipe line east, that it is not economically feasible to run parallel pipe lines east and west, and that eventually, regardless of how many charters are granted, there will be one company granted the right to transport gas east and one to transport west. Now, what I wanted to know is, what is the advantage of these competing companies, what is the advantage in having three or four companies chartered

to transport in the same direction, in view of the fact that eventually one company, and one company only, will do the job. Could the witness give me any information on that?

Mr. CAVERS: May I point out to you, Mr. Chairman, that Mr. Cannon's motion should be put, and if it carries it would preclude the witness from answering that question.

Mr. NOSEWORTHY: What I asked was whether that question would be in order.

Mr. CAVERS: There was a motion moved by Mr. Cannon and seconded by Mr. Whitman.

Mr. MURPHY: Mr. Chairman, I would like to say a word before you put that motion. In the first place, I dislike very much this railroading which is apparent—

The CHAIRMAN: I do not think that is a fair comment because we have had a lot of discussion on this subject before.

Mr. MURPHY: I know there has been a lot of examination. There is going to be more; at least, I hope there is going to be more; because I come from Ontario and I am very much interested in getting Alberta gas; and I think the members from Quebec are very much interested in getting Alberta gas. I think it would be very unfair to us in Ontario or Quebec to have any stifling of evidence, because we are not in a hurry; this is not a matter of minor detail, it is a matter of the development of natural resources of Alberta, and I hope of Saskatchewan and Manitoba, and other provinces also; and it opens up a very large field. I am quite sure that the members of the committee would be reasonable enough to have some patience because this examination is too important to cut off in such a peremptory manner; and that evidence produced this morning may not be to the liking of some members of the committee—mind you, I am of the opinion that when the picture has developed later it will have a great bearing on what we are going to do—what we are doing today will have a great bearing on what is going to happen later on—and I for one want more information; and I think that what Mr. Nickle was endeavouring to establish was that there is contradictory evidence which I think, in the interests of every member of the committee, should be put on the record. If Mr. Nickle has evidence which does not substantiate that given by the witness—we, as a jury, have to consider that evidence—Mr. Nickle now has reports from other reputable engineering firms contradictory to what has been given by the witness; and, with all due respect, I think he is a marvelous witness—

The WITNESS: Thank you.

Mr. MURPHY: —but there are these figures Mr. Nickle desires to submit which have been prepared by responsible engineering firms and I think that he should be entitled to put them on the record in answer to the evidence given by this witness, even if he has to go on the stand and put it in himself.

The CHAIRMAN: Don't you think that we have enough evidence now?

Mr. MURPHY: With respect, Mr. Chairman, I think that what Mr. Nickle has been trying to do is to get this evidence based on the reports from these other engineering firms before the committee, and I think we as members of the committee are entitled to have it. We have had one side of the picture presented to us and that picture has been questioned; and I, for one hope that this committee will receive this other evidence. As a matter of fact, I have some questions to ask the witness with respect to gas for Ontario, and I hope I will be permitted to ask them.

Mr. STUART: Has this bill anything to do with gas for Ontario?

The WITNESS: No.

Mr. CANNON: I can't see it.

Mr. MURPHY: Yes. I disagree with you. That may be a matter of opinion; but we do want to get more gas in Ontario and Quebec, and I would like to have some assurance as to whether we are going to be able to get that gas. All we get now is an off peak load at times. We have made a start in western Ontario, but, as most of the members of this committee know, there is no dependable supply of gas, we cannot be sure of what we are going to get—we know we are going to get a little increase. For that reason I am deeply interested as far as western Ontario is concerned to know what the possibilities are of our getting Alberta gas. I do hope, Mr. Chairman, that we are not going to rush this thing through and preclude hearing of evidence on a matter which to me seems to be very important.

Mr. STUART: Mr. Chairman, I have a word to say at this point. I have sat on this committee since the first pipe line bill was brought in some two or three years ago. When the first pipe line bill was brought before this committee there was some suggestion that the gas line might go to the United States. Practically throughout the whole of the sittings of this committee no one wanted natural gas or oil to go to anyone in the United States. That is the statement which we heard over and over again and that will be borne out by the evidence which is on the record—that they would stop any attempt to export gas or oil to the States. Now, there is an application before this committee on behalf of a company which does not intend to transmit any gas into the United States at all. There are members on this committee who want to hold this bill up, denying to the people of Manitoba and Saskatchewan the use of gas until such time as there was a company in a position to build a pipe line which would also take care of Ontario. If that is looking out for the people of Canada, that is not my idea. As I say, on every occasion when any suggestion was made that any of these pipe lines would carry gas or oil to the States there was the strongest possible opposition.

Mr. GREEN: On a question of privilege, Mr. Chairman.

Mr. STUART: Just a moment, I have not completed what I had to say, Mr. Green.

Mr. GREEN: I am raising a question of privilege, a member has the right to raise a question of privilege at any time.

The CHAIRMAN: Mr. Green desires to speak on a question of privilege.

Mr. GREEN: Mr. Stuart has been talking about one point in particular, that we have strongly opposed the export of gas or oil to the United States. Now, Mr. Chairman, that is completely erroneous.

Mr. STUART: I beg to differ, that is not erroneous; I will leave it to the members of the committee.

Mr. GREEN: The position taken was that we wanted that gas and oil for the west coast.

Mr. STUART: Well, it didn't work out quite that way.

Mr. GREEN: The position taken was that gas and oil should be used first in Canada and then the surplus might go to the United States. Nobody at all on the committee at any time has taken the position that none of it should go to the United States. The way it is worked out now is that we are getting oil to British Columbia, to Vancouver, and we are getting a gas line from the Peace River to Vancouver, and in both cases it is expected that there will be, in the first place oil, and in the second place gas, to go down to the United States to Seattle, and possibly to Portland. It has worked out exactly as we said, and as we thought it should; but when you say that we have advocated that there should not be any authorized for export, you are completely wrong; and I think any other member of the committee will endorse my statement.

Mr. STUART: The record will speak for itself. We have the evidence taken before these committees and from that I gathered that you were very very bitter in your opposition to any Canadian oil or gas going to the United States.

Mr. NOSEWORTHY: Until after Canada has been served.

Mr. STUART: Well, that is the position as I recall it. We have heard the evidence of the witness here as to what this company proposes to do. It would appear that they can supply low cost gas to the area involved. Now, my point is this: why should the people in that part of Canada have to wait until such time as a larger company is prepared to serve a larger area? I see no reason why the people of the western provinces should have to wait until such time as some big corporation with lots of money behind it can bring them gas by building a line down through to Ontario and Quebec. Give these people the break they are asking for and we will get the pipe line to Ontario and Quebec later on.

Mr. HERRIDGE: Mr. Chairman, I want to say as one, who has been a member of this committee for some years, dealing with pipe lines, that Mr. Green has stated our position quite correctly. We have advocated the Canadian interest to be served first on all occasions and that any surplus thereafter might be exported to the United States. Our opposition to this point is because we believe that the final objective is to transmit gas to the United States. We believe that Canada, Canadian interests, should be served first, but that the American consumer should receive consideration; also, Ontario and Quebec.

Mr. CAVERS: Mr. Chairman, I would say the motion before the chair should be put.

Mr. NICKLE: I should make a short reply to Mr. Stuart's observation. He referred to other pipe lines being built. I think that it is the generally accepted opinion that in order to transport oil and natural gas on a large scale, to a large scale market, beyond the prairie market, the use of a large diameter line is to be preferred. When the market is sufficiently developed there may be, perhaps, room for a second pipe line; but one pipe line now, on a small scale, going across the prairies would defer probably for some time the construction of a line to eastern Canada if and when a supply should become available. Let me emphasize this, there are two ways in which they can get that gas; by a line from Winnipeg swinging south, into Minneapolis and St. Paul, under a firm deal with the United States whereby American gas would go into Ontario and Quebec; and the other alternative is to build a line from Winnipeg to go through Fort William and north of the Great Lakes and then to go down into Toronto, Ottawa and Montreal and other eastern points. In my opinion, if a small diameter line is approved it will delay very considerably the working out of any arrangement for a gas exchange with the United States, and will also delay our objective of getting adequate supplies of gas for Ontario and Quebec.

Mr. CANNON: That is your opinion. I do not think that is an opinion which is generally shared.

Mr. STUART: Might I ask you one more question, Mr. Nickle? Who has the final say about the construction of these pipe lines? First there is the Board of Transport Commissioners which receives the evidence from companies who have a good reputation, such as I feel this company has. They support their application with the evidence. They submit certified evidence to support the economic advantages and the economic soundness of their application and send it to them. The board decides, after taking all this evidence into consideration which type of pipe line is best suited to take care of the situation. It is not up to you or me, it is up to the Board of Transport Commissioners. It is not your job and it is not my job in this committee to say whether or not a charter will be granted.

Mr. NICKLE: Let me answer your question in this way. The Board of Transport Commissioners is concerned with a great many things. They are supposed to take evidence and get all the data available. They have now considered two oil pipe line applications and were supposed to take all the evidence and get all the data they could with respect to the applications; but the fact of the matter is that that board did not take the time to study all the facts that should have been weighed; they did not take into consideration all the economics and engineering possibilities of alternative oil pipe line routes. In other words, they have not done a good job so far as pipe lines are concerned. That is why I feel that this committee must fill its function of determining those facts to its own satisfaction.

Mr. STUART: In other words, you say that the Board of Transport Commissioners are not doing a good job.

Mr. NICKLE: They have not done a good job to date on oil pipe lines.

Mr. GARLAND: May I ask Mr. Nickle if he is opposing this bill because it may delay the carrying out of previous proposals designed to reach the markets of Ontario and Quebec?

Mr. NICKLE: That is correct.

Mr. GARLAND: Are you in fact opposing this bill, or seeking to have it thrown out—at least delaying it with the object that the other people may have an opportunity of getting on with the job of building this master or mammoth line to the east? Is it not a fact that you are opposing this bill because you consider that it will not be economically feasible for more than one line to operate?

Mr. NICKLE: Two major pipe lines have already been incorporated. But it cannot fairly be said that they have done nothing.

The CHAIRMAN: There is a motion before the committee.

Mr. GREEN: I would ask, Mr. Chairman, that the statement that Mr. Nickle was trying to protect these companies be withdrawn. I suggest that such a statement is unparliamentary.

Mr. CANNON: You made the statement that I was trying to protect someone and that was not withdrawn.

Mr. GREEN: I say that it is entirely unparliamentary to say that Mr. Nickle was protecting these companies and I would ask that that statement be withdrawn.

The CHAIRMAN: I am sure that Mr. Cannon did not mean anything derogatory in that remark.

Mr. GREEN: But he said it.

The CHAIRMAN: There is a motion before the committee.

Mr. GREEN: Before you put the motion, Mr. Chairman, I think it is regrettable that a motion of that kind should be put in this committee. It means in effect that Mr. Cannon has decided that he does not want to hear any more about it and he asks that a cross-examination be cut off. Now, there are many other members on this committee, each one of whom, of course, has the right to cross-examine Mr. Herring; for example Mr. Noseworthy had a question he wanted to put to Mr. Herring.

Mr. CANNON: Mr. Chairman, on a question of privilege. I am not trying to get away from what I said. What my motion meant was that I did not think we needed to hear anything more from this witness. That did not mean that we would not hear any more evidence. As a matter of fact, I asked at the time if there were any other witnesses to be called; naturally, we would be glad to hear them, but I do not think there are any other witnesses.

Mr. GREEN: I submit, Mr. Chairman, that it is not proper for Mr. Cannon or any other private member to get up and say: no, I do not want to hear any more from this witness, I don't want to cross-examine him any more and I move that this discussion and this cross-examination be terminated. If we have come to that position in a democratic government we have gone very far, and the result is that when Mr. Noseworthy gets up to ask the witness a very material question which the witness should be able to answer, such a motion as that made by Mr. Cannon denies him such an opportunity.

Mr. CANNON: I beg your pardon, I made that motion before Mr. Noseworthy got up.

Mr. GREEN: I know you did, but it just shows you what a ridiculous situation this committee or any committee of the House can get into if questioning is to be shut off arbitrarily in that way. Now, this whole thing could have been over if this foolish motion had not been brought forward.

Mr. STUART: Is that parliamentary, Mr. Green.

Mr. GREEN: I beg your pardon?

Mr. STUART: Is that parliamentary, to call a man foolish?

Mr. GREEN: I say it is foolish, or unwise.

The CHAIRMAN: Mr. Green, the preamble has to carry before the bill goes through.

Mr. GREEN: I know that. Surely it should be possible to question Mr. Herring further. Mr. Cannon has said that the committee has other business. There is nothing else before this committee that I know of. When we get through with this bill we are through until something else is referred to us by the House. Why should we be in such a rush? We could sit this afternoon if we have to. We could sit tomorrow. This bill would not be delayed one minute, it could not possibly be delayed—

The CHAIRMAN: Is Mr. Nickle satisfied with the answers Mr. Herring has given?

Mr. GREEN: —it could not possibly be brought up in the House until Monday anyway. What I am trying to point out is the danger of a committee stepping in with a closure motion of this type. There is no call for it whatever. I think it is a radical departure from all ordinary procedure that we should have a motion of that type before the committee.

The CHAIRMAN: Is there any further discussion before I put the motion?

Mr. NOSEWORTHY: Mr. Chairman, I have been waiting for your ruling as to whether this motion does preclude the witness from answering my question or not. We have not had it put yet. It is the opinion of other members of the committee that it does; but I think that if Mr. Cannon's motion had not been made—

The CHAIRMAN: You had better ask your question and the witness may try to answer it.

Mr. NOSEWORTHY: I asked my question of the witness. I am still waiting for him to answer it—or, if you rule that it is out of order.

The WITNESS: The question I believe, sir, pertained to a reference made before this committee as to whether there should be one pipe line—two pipe lines or one. I would not speak as positively as that would indicate other witnesses have spoken. It all revolves around the question of the amount of gas available in Peace River. There is a large volume of gas there but so far the government has not seen fit to make more than 3 billion available for export. If there is later on sufficient gas for that gas to be transported to the Pacific north-west market and that market is withheld, then a pipe line to Ontario could be built. If there is a sufficient reserve in southern Alberta to allow

Pincher Creek to release gas for export to the west coast the Gulf Company have decided that they would prefer to sell to that market because the cost of transmission is 1.5 cents per M.C.F., and they would be able to get a better price in the Pacific north-west. That would be an important price factor. If, later on, there was a sufficient supply of gas available from southern Alberta to make it economically feasible a line to carry it to the east would be built. As things stand at the present time in Alberta there is not sufficient gas in southern Alberta; consequently we feel that these two provinces can be served the volume of gas they require—that 75 million cubic feet per day on a 20 year service. Until such time as further supplies of gas are available from Alberta it is our opinion that the construction of a larger pipe line than the one we propose would not be economically feasible. The construction of a pipe line for the transportation of gas from Alberta depends upon gas reserves available. If there is sufficient available for the needs a pipe line can be built that would be economical and it could serve the area at competitive prices. No pipe line can be built without the approval of the Board of Transport Commissioners, and you may be sure that when the time comes an application before them will only be approved if firm contracts supporting the application are submitted.

By Mr. Noseworthy:

Q. That answers part of my question. In view of what you say what advantage is there to your company or any other company to hold a charter without being able to get permission from the Board of Transport Commissioners to build a pipe line?—A. None, whatsoever. It is a liability until we can satisfy them that we have a sufficient amount of gas available and a sufficient market to justify the construction of pipe line.

Q. But until you have a charter you cannot go before them?—A. That is right. Unless we can get gas for our pipeline and show them that we have a market demand supported by contracts our application will not succeed.

Q. Another question, Mr. Chairman: provided that it should turn out, as Mr. Nickle has suggested, that a pipeline might be built from Alberta to Saskatchewan and Manitoba alone, if that is not an economically paying proposition, would it still be necessary to extend a route running down into the United States in order to make it a paying proposition?—A. The greater the flow of gas through the pipe line for the least amount of additional cost that would naturally improve the economics. We would not recommend to this company a pipe line which in our opinion was not economical. We have stated the qualifications in there. Once we can secure these markets we can go before the Board of Transport Commissioners. If we do not have anything in the way of firm contracts for the sale of gas under contract we cannot possibly expect to get the approval of the Board of Transport Commissioners. If there is sufficient gas available to go further than Winnipeg at that time I would imagine that precedence would be given to Western Pipelines who previously proposed to build a line there. The success of this venture rests upon the successful moving of gas from Alberta to Winnipeg, and that is all we are asking for. As I have stated previously, if a sufficient supply of gas were available we would recommend going further. As things stand at the present time there are 75 million cubic feet which can be made available, and in our opinion, very readily. We could get service to the prairie provinces on that volume, and that is the basis of our application.

By Mr. Herridge:

Q. And you are of the opinion that this pipe line you propose to build will be adequate to take care of that market?—A. I think, as I previously said, that with the compressor horse power we will have available, using this 16

inch diameter pipe with full horse power on it—it is designated to carry 75 to 80 million cubic feet and it can be stepped up to 130 million cubic feet per day capacity—I am quite sure that it would be capable of doing that. Under this estimate at the present time, on the five year forecast, it would reach that point. We could take additional gas; for instance, suppose there were an industry located at Fort William which would have a demand for 25 million cubic feet per day, that would make it economical for us to extend the pipe line to that point. That might mean the installation of some additional pumping stations along the pipe line and the extensive use of looping, and that would enable us to increase the operating capacity of the line, as was previously proposed with respect to transporting gas to Minnesota.

Q. Well then, Mr. Chairman, quite evidently the success of your enterprise depends upon the availability of the amount of interruptible load, industrial market?—A. Yes sir, we acknowledge that.

Q. You have supplied the committee with a few figures to assure us that that market is available, on the other hand Mr. Nickle proposed to provide the committee with reports by other engineering firms presented to the Alberta board showing that your estimate of that market is more than the present market for all fuels combined. Would you not say that we should not have that information? Is it not reasonable to assume that that as evidence is much superior to a few telegrams.

Mr. APPLEWHAITE: Mr. Chairman, before the witness answers that question; surely, the admissibility of evidence in this committee is a matter for you, Mr. Chairman, and for the committee to decide, it is not a matter of opinion with the witness. But, as the question has come up, I would point this out that the evidence which has been adduced by Mr. Herring and others has been open to cross-examination, and there has been considerable cross-examination. What opportunity will this committee have to cross-examine a report which is filed, which it is proposed to have placed in your hands?

Mr. HERRIDGE: Mr. Chairman, I would like to ask the witness a question. I would like to be able to understand the situation. Throughout his evidence it seemed to me that the witness emphasized that the real purpose of building this pipe line—I think that during the whole of the time on the first day his witness was giving his evidence he emphasized the possibility of continuing this pipe line into the States, to cities like Minneapolis and other centers, and the possibilities that that offered for the exchange of gas between Canada and the United States so that Ontario could get it. Now, just a few minutes ago in answer to a question the witness stated definitely that the success of this venture rests upon moving gas to the Winnipeg market. I would like him to explain to me the reason for the change there.

The WITNESS: I see your point. Our recommendation to our people is that we feel that if 75 million cubic feet of gas can be obtained from Alberta that would be adequate. We have recommended an economic pipe line to Winnipeg for that gas. I did not emphasize any other point except that. I have always stated that at such time as additional reserves were available in Alberta that we would recommend to them at that time the most economic application of such reserves to their system, within limitation. If that gas, as it increases in Alberta, becomes available in sufficient volume—and we spoke of the Northern Natural market over in Minnesota, and that is what we recommend when we come to that point because at the present time we cannot see the economics of going into Ontario and Quebec across Canada. However, if there were available in eastern Canada sufficiently large amounts of gas, in Ontario and Quebec, and if reserves of gas were available in Alberta for that market to extend the line further east we would recommend the extension of the line in that regard; but we have taken the position that

the extension of the service beyond Winnipeg would depend on the economics of the situation that existed, involving both market and gas reserves. I do not think that I have deviated from that point anywhere in my evidence. As I have said, if there were additional supplies of gas available sufficient to justify it, and if an adequate market were available to make it economic, we would recommend a hook-up with Northern Natural to serve that market; and, we might recommend going to Fort William.

The CHAIRMAN: Just a moment, Mr. Noseworthy. I have allowed a lot of latitude to the witness to answer questions but I would like to point out that they are all out of order.

Mr. GREEN: Why?

The CHAIRMAN: There is a motion before the committee right now.

Mr. GREEN: Well, when you tell us why in your opinion those questions are out of order?

The CHAIRMAN: Yes, because there is a motion before the committee.

Mr. GREEN: You said that all of these questions are out of order. Why do you say that.

The CHAIRMAN: Are you ready for that question?

Mr. GREEN: Are they improper questions?

The CHAIRMAN: No, I would not say they are improper questions, but I do say that they are out of order until this motion has been disposed of.

Mr. GREEN: And if that motion passes then there will be no more questions.

The CHAIRMAN: It has to be disposed of, either passed or defeated.

Mr. GREEN: Well, there is a question that I would like to get an answer to, and that might help to clear it up.

By Mr. Green:

Q. You said that if gas was available in sufficient quantities you would extend your pipe line to eastern Canada?—A. I said that if there was a sufficient market available in Ontario and Quebec and sufficient gas reserves available in Alberta to justify the economics of a pipe line all the way from Alberta, and if we could find a market, we would recommend to our company that they extend their line into that area.

Q. And your pipe line is of what diameter?—A. It is 16 inch. The line would have to be looped at that time in order to make it pay.

Q. What do you mean by looping?—A. You establish pressure stations along your pipe line and there is a discharge pressure at each station and there is an intake pressure at each station. The discharge pressure, for example might be 1,000 pounds and the intake pressure might be 750 pounds at the time the gas goes into this 16 inch pipe line; it goes in at the lower pressure and when it leaves the pressure station it is stepped up again. Then, for looping, you build an auxiliary line parallel with your main line and tie it into the original line and in that way increase the volume of gas which can be moved.

Mr. MURPHY: I would like to go ahead with a couple more questions.

The CHAIRMAN: You will have to wait for a couple of minutes because you are out of order.

Mr. MURPHY: I think this committee is entitled to more evidence than we have before us.

Mr. CANNON: That will be for the committee to decide on the motion.

Mr. MURPHY: I think we are entitled to more evidence. We are sitting here as a committee to study these bills and I am not satisfied yet that the

evidence before the committee is sufficient to permit us to reach a fair conclusion. I think that we are entitled as members of the committee to have as much evidence as we can relative to the matter before going on to the bill.

The CHAIRMAN: There is a motion before the chair, moved by Mr. Cannon, seconded by Mr. Whitman, that the preamble carry.

Mr. MURPHY: Would you read the motion?

The CHAIRMAN: That sufficient evidence has been obtained by the committee to decide as to the economics of the proposed pipe line under consideration, and that the question be put on the preamble without any further examination of witnesses.

Mr. NOSEWORTHY: That would prevent any further questions.

The CHAIRMAN: That would be the import of the motion.

Mr. MURPHY: Mr. Chairman, I would like to speak to that motion. That motion was proposed just at the moment Mr. Nickle was attempting to give to this committee very important evidence that was submitted before the board in Alberta.

The CHAIRMAN: Have you been here at all our meetings?

Mr. MURPHY: No, Mr. Chairman, but I have read the evidence.

The CHAIRMAN: Yes, but you have not been here and heard all the evidence.

Mr. MURPHY: Well, the evidence that we are receiving this morning, and I heard the evidence that was given by telegrams as presented by Mr. Herring; and I for one think that perhaps they do not carry the conviction that we as members of the committee want. We are entitled to hear the evidence, whether it favours this bill or not; and this motion was introduced just at the time when Mr. Nickle produced these reports as evidence which I think is necessary for us to consider before the bill passes.

Mr. HERRIDGE: Mr. Chairman, speaking for the motion, I want to express myself as being opposed to the motion. This morning, as requested by the committee, Mr. Herring presented certain evidence. That evidence was questioned by Mr. Nickle, and he expressed his opinion as to certain parts of that evidence in regard to markets and so on. As I understand it, Mr. Nickle took the opportunity of supporting his opinions with further evidence, new evidence. Now, in my opinion, Mr. Chairman, the members of this committee are not involved in this subject as witnesses, but I have mentioned the opinion that a few of us are not as well informed on this subject as is Mr. Nickle. I think that it is most fortunate that this committee has members so well informed on gas and oil production and the marketing problems involved. Mr. Chairman, I do not think that it is fair to the members of the committee who have based their decision on evidence presented to the committee, for and against, that Mr. Nickle should be prevented from submitting his views; as he will be if this motion of Mr. Cannon's is to pass; and I think it is advisable to have further examination of the witness and I think it would be most unfair for the committee to attempt to come to a decision without having an opportunity of hearing his argument. That being the case, Mr. Chairman, I shall have to vote against this motion.

Mr. HODGSON: Mr. Chairman, I have one question. This charter asks for a line to Winnipeg?

The CHAIRMAN: You cannot address a question to the witness now, not until this motion has been disposed of.

Mr. NICKLE: Mr. Chairman, have I the right to clarify a statement made by Mr. Cannon.

The CHAIRMAN: Yes.

Mr. NICKLE: First of all, I regret that he implied that I was supporting any pipe line. I am not, nor have I ever supported any particular pipe line company. Secondly, he made the statement that other pipe line companies were seeking to export gas and there was nothing being done about it by them. If I might, I would like to put on the record some information concerning them. First of all, Trans-Canada Pipelines, which is controlled by Canadian Delhi Oil—

Mr. CANNON: That is entirely irrelevant.

Mr. NICKLE: No, I submit, it is not.

Mr. WHITMAN: We do not want hearsay.

Mr. NICKLE: This is very important to the whole question we are considering.

Mr. STUART: This will be giving evidence.

Mr. NICKLE: This is from the vice-president of the Canadian Delhi Oil Company.

The CHAIRMAN: Just a moment, you should call him as a witness if you want to put that in as evidence.

Mr. NICKLE: I am merely submitting this letter as evidence confirming the fact that these people have not been sitting idly by as was stated by Mr. Cannon.

Mr. CANNON: That is not what I said.

Mr. NICKLE: It is in reply to a point raised by Mr. Cannon—

Mr. STUART: You should call him to give evidence.

Mr. LARSON: I object, Mr. Chairman. In addition to this evidence before the committee here, and other material, Mr. Nickle is reading from notes there and there is not a tittle of evidence about it at all. If he wants to bring any evidence here he should do so by calling the man who is capable of giving evidence, inviting him here to submit his evidence.

Mr. MURPHY: Well, Mr. Chairman, we had the witness this morning reading from a number of telegrams, there were five, six or seven telegrams.

Mr. CAVERS: They were presented by the witness.

Mr. NICKLE: I hope I may be allowed to read some evidence in reply to a statement made by one of the members of this committee, Mr. Cannon, who stated that the pipe line companies had done nothing.

Mr. CANNON: If I made a mistake I withdraw it. I admit that I did not have any definite evidence as to what the pipe line companies have done but from what was said I gathered that they had not done anything. If they have done something, I withdraw my statement and that will be the end of it.

Hon. MEMBERS: Question.

Mr. NICKLE: This information which I would like to give to the committee will have a great deal of bearing with this committee in reply to this particular question.

The CHAIRMAN: All those in favour of Mr. Cannon's motion will please stand?

Mr. GREEN: May we have a recorded vote Mr. Chairman.

The CHAIRMAN: Yes. Will all those in favour of the motion kindly say yes when the names are called, and those opposed say no.

The CLERK: Mr. Chairman, there are 16 who voted yes and 8 who voted no.

The CHAIRMAN: I declare the motion carried.

We will adjourn until 4 o'clock this afternoon.

AFTERNOON SESSION

APRIL 24, 1952.

4:00 p.m.

The CHAIRMAN: Order, gentlemen. The next order of business is: shall the preamble carry?

Mr. NICKLE: Mr. Chairman, I would like to raise a point of privilege if I may, and bring to the attention of the committee some completely new evidence which unfortunately did not reach me by air mail until this afternoon. In view of the fact that it is new evidence it has a tremendous bearing on the argument that we had this morning, and I would like to place on the record an extract from this letter and then possibly the full letter, before the committee reach any conclusion on the matter. This is a letter from Mr. A. H. Harris, manager, Gas Utility, Winnipeg Electric Company, the company which handles the distribution of artificial gas in Winnipeg now and will on completion of any pipe line to Winnipeg handle the distribution of gas for domestic, commercial and industrial use.

Mr. CANNON: Is that one of the companies Mr. Herring mentioned in his evidence?

Mr. LARSON: You had better hold that until Mr. Herring arrives.

Mr. NICKLE: Yes, I will do that.

The CHAIRMAN: Here is Mr. Herring now.

Mr. NICKLE: Mr. Chairman, I will start again. This is a letter which I received this afternoon by air mail from Mr. A. H. Harris, manager, Gas Utility, Winnipeg Electric Company, in reply to an inquiry directed to him a few days ago; and the specific nature of our inquiry was to find out his views of the various estimates made of industrial and commercial loads in greater Winnipeg; more specifically on the figure of 10·95 billion cubic feet—roughly 11 billion cubic feet—given in the consumer load survey of the Boundary Company. That figure of 11 billion for industrial interruptible load represents over 65 per cent of the Boundary estimate of the total greater Winnipeg consumption and represents approximately 40 per cent of the total fifth year estimate of demand for the entire Boundary pipe line system. In reply to this inquiry this is what the Winnipeg Electric Company says—and I point out that this is the company which distributes or will distribute the natural gas in Winnipeg for domestic, industrial and commercial purposes.

Mr. LARSON: Will Mr. Harris be called as a witness to give evidence?

Mr. NICKLE: He has submitted a lengthy brief here which I think will be of interest to the committee. The first paragraph reads:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, et cetera, we are unable to find anything approaching a 10 billion cubic foot natural gas interruptible load in this immediate territory."

The final paragraph in his letter says:

Incidentally, we have had no recent inquiries from anyone concerning prospective natural gas consumption in this district, and we doubt if accurate figures could be determined without consultation with us. It would appear that the 10 billion cubic foot interruptible load referred to has been pulled out of the air.

Now, if you desire I shall read this entire letter, because it has a considerable bearing on the matter before us. I will read this letter in full:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, etc., we are unable to find anything approaching—

Mr. ROBINSON: That is in reply to something which a previous witness has said?

Mr. NICKLE: Yes, very definitely.

Mr. ROBINSON: Is it that, or is it new evidence?

Mr. NICKLE: It is new evidence in reply to material Mr. Herring presented before the committee this morning, and it is from a source which, I submit, is entirely reliable.

Mr. LARSON: It is not evidence at all.

Mr. NICKLE: It is very definitely evidence because, let me point out, that this letter is from the Winnipeg Electric Company who would distribute the bulk of the gas routed over the pipe line system across the prairie provinces. That company gives a figure for fifth year consumption over 25 per cent less than the total gas Boundary Pipelines says it would need for their market in the fifth year.

Mr. ROBINSON: It does not deal with anything else other than the Winnipeg Electric Company?

Mr. NICKLE: It is from the Winnipeg Electric Company; and, as I said they are the ones who distribute gas in the greater Winnipeg district and they would be the ones who would distribute the natural gas which will come over these pipe lines.

Mr. LARSON: If you have a witness you had better bring him in; or, if you want to give the evidence yourself—

Mr. WHITMAN: He cannot very well be a member of the committee and be a witness too.

Mr. NICKLE: I will continue with the reading of this letter.

Mr. ROBINSON: You are making yourself a witness by the reading of the letter.

Mr. FULTON: Mr. Chairman, may I point out that it has been a very frequent practice to have submissions put on the record.

Mr. WHITMAN: I do not think he is allowed to present a statement from a person who is not present.

Mr. FULTON: There have been many committees where submissions have been received from interested parties. I do not think there is anything extraordinary in having a member read to the committee a statement from an interested party.

Mr. APPLEWHAITE: May I say this, Mr. Chairman: first of all, as understand it, to regularize our proceedings at this stage of the game, we should have moved that the preamble be adopted which I proposed to do when I sit down. That, of course, does not stop anyone from discussing the motion when it is before us. But I am a little worried about the general reference made by Mr. Nickle to the letter which he proposed to read being referred to as evidence. If I were to produce a witness before this committee that would be something I could do; if I wish to bring a man here he can be put on the stand and tell his story. In other words, you have a letter read giving one side of the story and you have no opportunity of cross-examination. If I were to do that I am sure that the gentleman who practised law would

object at once. And now, in submitting a letter, that is not evidence. If Mr. Nickle just produces these figures and assumes responsibility for them we have to give them the weight which we think them to be worth. As I see it, the evidence given before this committee must be evidence which we can subject to some form of cross-examination. There is no objection on my particular part to Mr. Nickle producing these facts and figures, but he, as a member of the House and of the committee, submits them on his own responsibility. But, if any concern is opposing the passage of this bill, any company now incorporated or to be incorporated, there is abundant provision in our rules whereby they can formally appear before the committee and oppose the bill. We would then have the right of cross-examining the witness produced, and Mr. McTavish would have the right of cross-examining their witnesses just in the same way as we as members of the committee would have the right of examining and cross-examining them too. We cannot have the state of affairs where there is formal opposition lodged by an outside party to the passage of this bill without such party appearing before us as a committee, submitting his evidence and having it subject to careful scrutiny. But first, Mr. Chairman, we should have a motion on the preamble, and that of course would open wide the opportunity for discussion and argument, and then Mr. Nickle could submit whatever material he desired in support of his argument; and, in order to provide a little more legality to do that I would move that the preamble be adopted.

Mr. NICKLE: I trust now that it is in order for me to place this letter on the record.

Mr. MUTCH: Just before you do that, it is understood that the letter is presented, that in presenting the letter Mr. Nickle does so on his personal responsibility.

Mr. NICKLE: I will read this letter from the Winnipeg Electric Company. As I said, once these pipe lines are completed to Winnipeg, this company will be the distributor of the gas, and this company has provided me with this letter dealing with the potential market in the greater Winnipeg area.

Mr. WHITMAN: The Winnipeg Electric Company is not opposing this bill.

Mr. NICKLE: No, it is not opposing it, neither is it supporting it; its interest is merely that of a distributing company. This letter reads as follows:

Mr. Carl O. Nickle, M.P.,
House of Commons,
Ottawa, Ontario.
Dear Mr. NICKLE:

In reply to your inquiry on the fuel situation in Winnipeg including coal consumption, natural gas sales, etc., we are unable to find anything approaching a 10 billion cubic foot natural gas interruptible load in this immediate territory.

I presented a brief before the Alberta Petroleum and Natural Gas Conservation Board in Calgary last December, their Exhibit No. 105, outlining the natural gas prospects for the Greater Winnipeg district. The natural gas consumption figures submitted were developed by our own sales organization in collaboration with Stone & Webster Engineering Corporation, New York. After a pretty general survey of the residential, commercial and industrial loads that would be available to natural gas, we reported that at the end of five years after the introduction of natural gas into this territory, our annual sales would amount to 9 billion, 277 million cubic feet. Included in this total is a figure of 2 billion, 123 million cubic feet which covered eight large industrial installations. Another 2 billion feet would go to commercial and smaller industries.

It is true that these large plants were figured on the basis of firm sales. In our survey we were unable to find any locations of much importance where interruptible gas could be used that would bring this consumption anywhere near 10 billion cubic feet, which figure you will notice is even higher than our total estimated firm sales. In fact, interruptible sales were not included in our calculations, although one or two of the large industrials in the above total may turn out to be on an interruptible basis.

We did not figure any gas sales whatever for electric power production as at the time this survey was made, steam plants for electric production were not under consideration. Since then the Winnipeg City Hydro has started a steam plant installation which, at the end of 1953, if completed on time, will have a capacity of 50,000 kilowatts. This will be principally a peak load plant, and will probably operate only throughout the winter season. At the same time, the domestic and commercial house and building heating demands will be at their highest. Natural gas, for such power production, could hardly be sold on an interruptible basis. In any event, figuring 14,000 Btu per kilowatt hour and a load factor of between 15 and 20 per cent over a 24-hour period would require in the neighbourhood of 3 million cubic feet per day of natural gas. Even assuming a 300-day operation per year, this would only amount to 900 million cubic feet. Such an operation would only occur in periods of extremely low water in the Winnipeg river.

All electricity consumed in this territory is produced by hydro electric plants on the Winnipeg river, two belonging to the Winnipeg City Hydro, one to the province of Manitoba and two to ourselves.

The city hydro operates a steam heating plant for central heating in the downtown business district. In the year 1949, this plant consumed 13,000 tons of coal and 120 million kilowatt hours in electric boilers. Figuring 11,000 Btu per pound of coal and 3,412 Btu per kilowatt hour, this plant would require 286 million cubic feet of natural gas to replace the coal and 408 million cubic feet to replace the electricity, or a total of 694 million cubic feet for a winter's operation. Again this is not interruptible gas and was not included in our own calculations.

In the year 1949, 491,563 tons of industrial coal of all kinds were used in the province of Manitoba, approximately 200,000 tons of which were lignite. It is difficult to obtain accurate figures on industrial coal consumption for greater Winnipeg. Many firms buy direct from the mines, while others purchase direct through dealers, but the consumption is believed to be in the neighbourhood of 300,000 tons per year. In the winter of 1949-1950, Winnipeg domestic fuel dealers sold 854,811 tons of solid fuel. Total sales of fuel of all kinds in Manitoba for the year 1949 amounted to 1,818,411 tons, 1,018,628 tons of which was lignite. You can see the importance of lignite coal in Winnipeg and Manitoba's fuel picture, and as the delivered cost of this fuel is in the neighbourhood of 30 cents per million Btu, or 1,000 cubic feet natural gas equivalent, there will be considerable difficulty in replacing very much of it with natural gas, even at a ruinous rate and on an interruptible basis.

I particularly wish to reaffirm the figures presented in my brief referred to above. Incidentally, we have had no recent inquiries from anyone concerning prospective natural gas consumption in this district, and we doubt if accurate figures could be determined without consultation with us. It would appear that the 10 billion cubic foot interruptible load referred to has been pulled out of the air.

Yours very truly,

(Signed) A. H. HARRIS,
Manager, Gas Utility.

That letter, gentlemen, which we must accept as coming from a company which is obviously deeply concerned with getting maximum markets, because it is already in the distributing field of power and fuel in greater Winnipeg, presents figures five years after the gas line is completed of 9½ billion cubic feet per year of total market as compared with a figure estimated by boundary for the same market of over 16 billion cubic feet; in other words, the Winnipeg Electric figures reduce by over 25 per cent the market at the end of five years completion of the line, which completely alters the economics of that line.

Mr. MUTCH: What is the date of that letter?

Mr. NICKLE: April 23, 1952 and it reached me by airmail this afternoon.

Mr. CONACHER: Could we have the letter read which brought about this reply?

Mr. NICKLE: There was no letter, there was a telephone call.

Mr. STUART: Would it appear that under the present set-up in Winnipeg their profits would be greater than they would be if gas from Alberta should be brought to Winnipeg?

Mr. NICKLE: The Winnipeg Electric Company is anxious to have natural gas, just as any utility company is.

Mr. STUART: Even though their profits would be less?

Mr. NICKLE: I am not saying that. The only point in dispute is the volume of the market.

Mr. WHITMAN: There is about a 25 per cent difference.

Mr. NICKLE: Those figures differ by 7 billion cubic feet a year with the figures presented by the Boundary Transmission. The question is: The Winnipeg Electrical Company is a distributing company and it would hardly be guilty...

Mr. CONACHER: Any more than an engineering company would be guilty?

Mr. NICKLE: It could be, but they are in a position to know; and the question whether such evidence as we had this morning which basically was simply a few telegrams from various people stipulating the peak summer day sales for several industrial markets in terms of other kinds of fuel than gas; that evidence is certainly not nearly as substantial as testimony from companies who are actually in the business of distributing fuel and which for very obvious reasons want to make a profit and are very much concerned with seeing that their estimates are correct.

Mr. STUART: Was there not a plebiscite held in Winnipeg recently?

Mr. NICKLE: A plebiscite on what?

Mr. STUART: On the question of Hydro Electric power; and do you think this company would be of the same opinion before that plebiscite was held?

Mr. NICKLE: I do not think that hydro electric power has anything at all to do with the distribution of gas or other utility fuels.

Mr. MUTCH: The facilities in the Winnipeg Electric were in a pot, including the gas facilities, and they were not very much under discussion during the plebiscite a week ago. I think Mr. Stuart's question was: would the Winnipeg Electric, a week ago, have held to that, if they had learned that they were not going to surrender to the province; in other words, would they be of the same opinion as before?

Mr. NICKLE: These basic figures were submitted by the Winnipeg Electric Company to the Alberta Conservation Board in December 1951; and they have merely brought the report up to date.

The CHAIRMAN: Shall the preamble carry?

Carried.

Shall clause 3 carry?

Capital stock.

3. The capital stock of the Company shall consist of five million shares without nominal or par value.

Standing order 93 sets forth certain charges to be paid by the applicant for a private bill based on the proposed capital stock of the company. No provision is made for capital stock of no nominal or par value and the practice has been in such cases for the committee to obtain a declaration from the applicant that the no par value stock will not be sold for more than a certain aggregate amount. The committee has then recommended to the House that each share be deemed for the purposes of the standing order to have a value of a certain amount.

This is information from Mr. MacTavish. It is a statutory declaration, "for the purpose of determining the fees to be paid with reference to the authorized capital of the Boundary Pipeline Corporation, the sum of \$4 million should be fixed as the aggregate consideration for which the 5 million shares of no nominal or par value may be issued."

Mr. FULTON: Did I hear you correctly, Mr. Chairman, or did you say "Border Pipeline Corporation" instead of "Boundary Pipeline Corporation"?

The CHAIRMAN: Yes. It should read "Boundary Pipeline Corporation".

Mr. FULTON: Just for the purposes of the record, may we have that amended?

The CHAIRMAN: Mr. MacTavish made a mistake in putting in "Border Pipeline Corporation" instead of "Boundary Pipeline Corporation".

Mr. CAVERS: It is just a typographical error.

The CHAIRMAN: Yes, and Mr. MacTavish will have it amended in the affidavit.

Mr. FULTON: I just wanted our records to be clear. I do not think it will be necessary, if the committee concurs. I would suggest that Mr. MacTavish indicate that he meant "Boundary Pipeline Corporation" with the figures and amounts the same, and that the committee amend the declaration.

Mr. MACTAVISH: Thank you, I shall make the correction. It was a typographical error.

Mr. APPLEWHAITE: Do we require a motion to do that?

The CHAIRMAN: I think we do.

Mr. APPLEWHAITE: Well, if so, I move it.

Mr. STUART: For the purpose of levying charges on the capital stock, the committee recommends that each share be deemed to have the value of 80 cents.

Mr. GREEN: There was a question raised on April 8, as reported at page 43, concerning section 3, by Mr. Fulton when he said:

Mr. FULTON: I think section 3 should stand. I see you have the usual amendment setting a value on the capital stock for purposes of taxation or something of that sort, but in view of the fact that I hope we might get a more specific outline from the financial spokesman when we meet again as to some proposed division or basis on which shares should be offered to the public and which privately subscribed, I would ask that section 3 be allowed to stand.

Are the sponsors of the bill in a position today to give us information as to the basis on which the shares should be offered to the public or privately subscribed?

The CHAIRMAN: There is a motion before the House, Mr. Green, and I think I should put that motion first. It was moved by Mr. Stuart that, for the

purposes of levying charges on the capital stock, the committee recommend that each share be deemed to have a value of 80 cents. What is the wish of the committee?

Mr. GREEN: How is that figure arrived at?

Mr. MACTAVISH: It is a computation on a basis of \$4 million.

Mr. GREEN: That the shares will not be issued at a price in excess of 80 cents?

Mr. MACTAVISH: On that calculation, yes, there will be common shares, however; and as Mr. Matheson pointed out, I believe, in his evidence, financing by way of equity stock would be only one method of obtaining capital. And as you can well understand, it was on that basis that the declaration was made.

Mr. GREEN: And this only applies to equity stock?

Mr. MACTAVISH: It only applies to equity stock.

Mr. FULTON: Before the section is carried, is Mr. MacTavish in a position to give us some rather more concrete information than we were able to obtain on April 8, as to the extent to which it is intended to offer capital stock for private subscription and for public subscription? I understand that in the case of Transmountain, a certain amount was held and subscribed for by the guarantors, the oil companies, while a limited amount was offered to the public. Can we have any information as to how much is expected of this capital stock of 5 million shares to be offered to the public?

The CHAIRMAN: There is a motion before the committee.

Mr. MUTCH: Let us have the motion.

Mr. GREEN: Mr. Chairman, the discussion is relevant to the motion.

The CHAIRMAN: Very well.

Mr. MACTAVISH: In answer to the question, I am instructed that this stock which you are discussing now will be distributed privately as was indicated. I believe, in Mr. Matheson's evidence, generally in the proportion of 75 per cent in Canada and 25 per cent in the United States; and that Mr. Matheson at that point or later, went on to say that it was impossible at this time to forecast with any exactitude what the pattern of the financing would be in terms of bonds and that sort of thing. But I think it was generally assumed that his company, the Dominion Securities, would be handling the financing and would do it in the normal way.

Mr. FULTON: There is no further information forthcoming from anyone who is in a position to offer it, any further specific information at this time?

Mr. MACTAVISH: No. I think it is impossible at this time to make it more specific.

The CHAIRMAN: Shall Mr. Stuart's motion carry?

Carried.

Shall clause 3 carry?

Carried.

Clause 6.

Powers of Company.

6. The Company, subject to the provisions of any general legislation which is enacted by Parliament, relating to pipe lines for the transmission and transportation of gas and oil or any liquid product or by-product thereof, may

Power to construct and operate pipe line.

(a) within the provinces of Alberta, Saskatchewan and Manitoba or outside Canada construct, purchase, lease, or otherwise acquire, and

hold, develop, operate, maintain, control, lease, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all interprovincial and/or international pipe lines, for the transmission and transportation of gas and oil including pumping stations, terminals, storage tanks or reservoirs and all works relative thereto for use in connection with the said pipe lines; and buy, or otherwise acquire, sell, distribute or otherwise dispose of gas; and as an adjunct or correlate to pipe lines for gas to have similar powers and facilities for pipe lines for the transmission and transportation of oil and the acquisition and disposal of oil; and own, lease, sell, operate and maintain aircraft and aerodromes for the purpose of its undertaking, together with the facilities required for the operation of such aircraft and aerodromes; and own, lease, operate and maintain interstation telephone, teletype and telegraph communication systems and, subject to *The Radio Act, 1938*, and any other statute relating to radio, own, lease, operate and maintain interstation radio communication facilities;

Power to hold land.

- (b) purchase, hold, lease, sell, improve, exchange or otherwise deal in real property or any interest and rights therein legal or equitable or otherwise howsoever and deal with any portion of the lands and property so acquired, and may subdivide the same into building lots and generally lay the same out into lots, streets, and building sites for residential purposes or otherwise and may construct streets thereon and necessary sewerage and drainage systems and build upon the same for residential purposes or otherwise and supply any buildings so erected, or other buildings erected upon such lands, with electric light, heat, gas, water or other requisites, and lease or sell the same, upon such terms and subject to such conditions as appear requisite, either to its employees or to others; and

Ancillary powers

- (c) exercise as ancillary and incidental to the purposes or objects set forth in this Act, the powers following, unless such powers or any of them are expressly excluded by this Act, namely, the powers set forth in paragraphs (a) to (bb) inclusive of subsection one of section fourteen of *The Companies Act, 1934*.

There is a motion before the chair which reads as follows:

Moved by Mr. McIvor:

That paragraph (a) of clause 6 be amended by inserting after the word lines in line 23 thereof the words: provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.

Mr. McIVOR: I moved that amendment, Mr. Chairman, for this reason: that we do not want the gas to go south to Duluth. We want it to go to the Lake Heads first.

Mr. GREEN: In that connection may I point out that the bill in this same section 6—and could I see that bill—does not ask for power to pipe gas into Ontario. So, as far as this bill is concerned, the company could not pipe it into Ontario. They are not even asking for the power to pipe it into Ontario. They are asking for power to pipe it outside of Canada, and that explains it to me.

Mr. WHITMAN: Where is that statement?

Mr. GREEN: Lines 14 and 15, within the province of Alberta, Saskatchewan and Manitoba or outside Canada. They are not even asking for power to pipe the gas into Ontario and Mr. Patterson admitted to me quite frankly the first day they were not intending to pipe into Ontario or Quebec, and if they had more gas than needed in Saskatchewan and Manitoba, then they planned to pipe it down into the central States. Mr. Herring has even said that this morning, that in his opinion that is the economical way that any larger supply of gas should be marketed. So if Mr. McIvor thinks this bill is going to get him gas ahead of Duluth, I am afraid, will be disappointed.

Mr. McIVOR: Mr. Chairman, forget about Duluth or any other place. My amendment is to prevent gas going outside of Canada. Forget about Duluth.

Mr. NICKLE: Could you read the amendment again?

The CHAIRMAN: It is moved by Mr. McIvor that paragraph (a) of clause 6 be amended by inserting after the word "lines" in line 23 thereof the words: "provided that the main pipe line or lines for the transmission and transportation of gas and oil shall be located entirely within Canada."

Mr. FULTON: Mr. Chairman, that does not delete anything, it simply adds words.

Mr. GREEN: Furthermore, it was explained the first day that the way the gas would be marketed in the States would be for this company to take it to the border and then to turn it over to an American affiliate or American companies who wish to have a contract, and it would be marketed in the central United States by these other companies. So Mr. McIvor's particular amendment does not prevent that.

Mr. NICKLE: I would like to move a further amendment to this inasmuch as the whole case for Boundary Pipeline has been predicated on a pipe line from Medicine Hat to Winnipeg only. Here is my amendment: That the words "or outside Canada" in line 15, and the words "and/or international" in line 19 be deleted.

Mr. WHITMAN: There is another amendment. Line 18, "and/or international" pipe lines will also have to be deleted.

Mr. ROBINSON: Will the sponsors of those amendments please say what they mean. Perhaps I may elaborate on my question. Supposing these amendments are passed, what is to prevent this pipe line company from carrying their pipe line to the international border and then delivering to another pipe line operated by another pipe line company in the United States?

Mr. GREEN: That is exactly what they do.

Mr. HODGSON: That is the intention of the whole bill from the start.

Mr. ROBINSON: These amendments mean nothing and I intend to vote against them.

Mr. GREEN: Mind you, amendments of that kind might be very helpful when the Board of Transport Commissioners are considering the application. It might make it more difficult for this company to get permission to turn the gas over at the border, and in so far as it might be of help to that extent I would be in favour of those amendments. I think they could still get around it by selling the gas at the American border to an American company. The amendment would help some.

The CHAIRMAN: It would be pretty hard to prevent that.

Mr. NICKLE: Delete all the words from "or outside Canada" and "and/or international"; it would at least help to clarify the fact that applicants for pipe lines propose specific plans. We have one that clearly specified its intention and has already signed a contract with another gas line to expand its system

from a point south of Winnipeg on the Minnesota border. We have another one which has already stated its intention of building its line over the north side of the Great Lakes into Ontario and Quebec. This particular proposition has been presented solely on the basis of serving the market as far east as Winnipeg and eliminating the words "or outside Canada or international" would not make too much difference, except it would help to clarify the issue with the Board of Transport Commissioners when that Board makes up its mind respecting the three would be pipeline companies.

Mr. STUART: It was insinuated the other day that it might be possible sometime to bring American gas from the Detroit area to Ontario. There has to be some reciprocity somewhere and if you amend this bill, then when the people in the Detroit-Windsor area want American gas would you not be hurting the people of Ontario? You think, then, that Yankees are more broadminded than we are?

Mr. NICKLE: Not at all. We already have a company in the field which is actively engaged in an effort to work out an exchange of Alberta gas, the mid-continent gas going to Ontario and Quebec. This proposition is submitted on the basis that it is something different from the other two pipe lines that are already incorporated.

Mr. STUART: I look at this not exactly in the same way. We rely on the United States of America to supply the maritimes with oil and gas, and when you talk in this committee about taking gas and oil from Alberta to the maritime provinces, you are talking nonsense. It can never be done. It is a matter of putting it over the border in one area and bringing it back in another. I am just going to say this and say no more. I well remember during the war, when gas and oil were at a premium the world over. I would pick up the paper which would contain pictures showing the people in Boston sitting in their homes with their fur coats on. Now, I want to tell you that that never happened in the maritime provinces. The gas allocated in the different categories in the maritime provinces was on a more liberal scale than to their own people in the United States. I would therefore oppose a restriction that would seem to be unfriendly.

Mr. GREEN: The amendment made by Mr. McIvor has been written into every pipe line bill.

Mr. ROBINSON: Not every pipe line bill. That is not correct, Mr. Green.

Mr. GREEN: That amendment has been written into every pipe line bill passed by the House in 1950 and 1951. Certainly there is no reason why it should not be written into this one. The amendment by Mr. Nickle deals with a different question. It is a different type of amendment and is simply in line with what these representatives have said.

Mr. STUART: Don't you think, Mr. Green, it would be impossible in many cases for Canadians to enjoy the use of this gas unless sufficient markets are found to maintain these pipe lines? You have to get sufficient population. Many of our small cities may be denied this privilege if we write into this bill that sort of amendment. I believe in British Columbia it would have been impossible to get gas from Alberta if we did not have the American market to the south. You have the same thing here. I would not want to tell the people in Alberta what they should do with their gas, but I know what I say is practical. I think the Board of Transport Commissioners is the right body to go for this decision.

Mr. GREEN: This question has already been canvassed by the governments of Ontario and Quebec and they both said they want to get Alberta gas, and they are afraid that if they have to depend on a deal with Texas, with an oil company piping gas from Texas, then they cannot be assured of a steady supply and apparently some portions of Ontario already have that difficulty; they get

gas at certain times and when it is short below the border they get cut off. So both those provincial governments have gone on record as favouring the use of Alberta gas in Ontario and Quebec. And last year a responsible group came in here and had a charter given them for the purpose of piping that gas right through Canada to Ontario and Quebec, and I think they hoped to get gas as far as Quebec city, at least as far as Montreal, and to serve practically all the large centres in Ontario en route. Now they have that charter, they have already spent hundreds of thousands of dollars if not millions in developing gas wells in Alberta from which to serve that pipe line, and the difficulty is that it seems to be common knowledge that there will be only one pipe line to the east, at least for many, many years, and if that surplus should go down to Minnesota and Chicago rather than into Quebec, then there is no possibility of Ontario and Quebec getting Canadian gas. That is putting the situation fairly and certainly I would be in favour of both these amendments. I cannot see any objection to them. I do not think they do the trick, actually, but I think if this company wanted to do it they could pipe to the boundary and sell to their American affiliates.

Mr. MUTCH: If they can get a permit to export.

Mr. GREEN: The very fact that the words are written into the bill would make it more difficult.

Mr. ROBINSON: It did not prevent the other pipe line from piping to Montana.

Mr. NICKLE: I might explain my amendment to the gentleman from the maritimes. I have been a very strong proponent for several years of the unitization of the continent's oil and gas. In other words, let our oil and gas reach the most economic markets subject to certain conditions—and those conditions are: Let us assure ourselves that gas is handled so that the maximum number of Canadians will have natural gas, whether it be by direct route or by exchange.

The purpose of this amendment, however, is not that. I feel this pipe line bill should clearly relate to the case presented by Boundary Pipelines Company, and inasmuch as we do have two other companies following routes, eastward over the Prairies, with different intentions—one to go south and one to go farther east; as this company has built its case on an economical line to Winnipeg, in its bill it should be limited to a pipe line stopping at Winnipeg.

The CHAIRMAN: Is there any further discussion on the amendment moved by Mr. Nickle—that the words “or outside Canada” in line 15, and the words “and/or international” in line 19 be deleted. All those in favour of the amendment please hold up their right hands? Those to the contrary?

Mr. GREEN: Could we have the vote polled?

Mr. ROBINSON: Is it not too late to call a poll vote?

The CHAIRMAN: It will not take very long.

Mr. MUTCH: For the record we will say we called for it first or it certainly will be a precedent.

(7 in favour—15 opposed.)

The CHAIRMAN: I declare the motion lost.

Now, Mr. McIvor moves that paragraph (a) of clause 6 be amended by inserting after the word “lines” in line 23 thereof the words: “provided that the main pipeline or lines for the transmission and transportation of gas and oil shall be located entirely within Canada.”

All those in favour? Those against?

I declare Mr. McIvor's amendment carried.

Mr. Fulton, you spoke about clause 6. Were there some other questions you wanted to ask?

Mr. FULTON: My point was that the whole clause should stand with the amendment but with the amendment having carried I am quite happy for the whole clause to carry.

The CHAIRMAN: Shall clause 6 as amended carry?

Carried.

Clause 9, Loans to Shareholders or Directors prohibited. Shall clause 9 carry?

Carried.

Mr. GREEN: There was some question raised about that the other day.

Mr. FULTON: I asked that it stand but I find on reflection that the point I had in mind does not arise.

The CHAIRMAN: Shall the title carry?

Carried.

Shall I report the bill?

Carried.

Mr. GREEN: On division.

Mr. McIVOR: Mr. Chairman, I would like to move a hearty vote of thanks to the witnesses who have stood up so well to the splendid cross-examination. They did not even turn a hair.

Some hon. MEMBERS: Hear, hear.

The CHAIRMAN: We will adjourn to the call of the chair.

The meeting adjourned.

